Austria ... Sch. 18	Indonesia ... Rp 2500	Portugal ... Esc 80
Bahrain ... Din 0.650	Italy ... L 1300	S. Arabia ... Rls 8.00
Belgium ... BFr 38	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain ... Pts 100
Cyprus ... C£0.65	Kuwait ... Fils 500	Sri Lanka ... Rup 20
Denmark ... DKr 7.25	Lebanon ... LL 6.00	Sweden ... Skr 6.50
Egypt ... L£1.00	Luxembourg ... LFr 35	Switzerland ... SFr 2.00
Finland ... Fmk 5.50	Malaysia ... Rng 4.25	Taiwan ... NT $25
France ... Fr. 6.00	Mexico ... Pes 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.00	Turkey ... L 180
Greece ... Dr 60	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr 8.00	U.S.A. ... $1.50
India ... Rup. 15	Philippines ... Pes. 25	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Allianz keeps fellow insurers on their toes, Page 24

NEWS SUMMARY

GENERAL

Left is ahead in Managua elections

Nicaragua's left-wing Sandinista Party has won the expected overwhelming victory in the country's first elections since the Sandinistas overthrew the dictatorship of General Somoza in 1979, according to preliminary returns.

With results in from 617 of the 3,892 polling stations, the Sandinistas appear to have taken 66 per cent of the vote for the National Assembly, president and vice-president.

The Liberal Independents and Conservative Democrats both took 11 per cent of the vote. Disruption of the polls by the U.S.-backed guerrillas was minimal. Eleven polling stations were unable to open because of military activity and two were attacked, resulting in the death of one electoral official.

S. Africa killings

Large parts of South Africa's industry were brought to a halt as thousands of blacks obeyed a call to stay away from work. Two blacks, including a policeman, were killed in violence near Johannesburg. Page 4

Polish charge

Polish Interior Ministry official Colonel Adam Pietruszka has been charged with aiding the kidnappers of murdered priest Jerzy Popieluszko.

Manila plot order

A Philippine judicial body ordered armed forces chief Fabian Ver and 25 other people to respond to allegations that they were involved in a plot to murder opposition leader Benigno Aquino.

Chilean resignation

The Chilean cabinet resigned after Interior Minister Sergio Jarpa, appointed last year to carry out political reforms, quit his post.

P-2 extradition

Uruguay has extradited to Switzerland an Italian accused of helping P-2 masonic lodge leader Licio Gelli to escape from a Geneva prison.

Moscow error

An announcement of a Soviet fuel embargo against Britain in support of the long-running miners' strike appears to have been a political error and has caused embarrassment in Moscow.

Yugoslav trial

The trial on conspiracy charges of six Yugoslav dissidents opened, then adjourned for a day to consider a defence challenge to the presiding judge. Background, Page 3

Haitians caught

Seven Haitians opposed to President Jean-Claude Duvalier were detained aboard a boat with arms off the French Caribbean island of Guadeloupe.

Hostage escapes

The 23-year-old son of an Italian businessman freed himself from a chain and fled a Rome apartment where kidnappers had held him for seven months. Francesco Perillo was suffering from bronchitis and a high fever, police said.

Venice blaze

Firemen in launches tackled a fire that destroyed two Venetian residential palaces near St Mark's Square and caused damage estimated at $4.3m.

Kabul attack

Five people were killed and 16 injured in Afghanistan's capital of Kabul when U.S.-made missiles hit an old sector of the city, according to the state-run Radio Kabul.

BUSINESS

Gulf & Western bids for publisher

GULF & WESTERN of New York launched a $693m cash bid for publisher Prentice-Hall, which urged its shareholders not to respond hastily. The offer is worth $70 a share. Page 22

DOLLAR was mostly weaker in London, falling to DM 2.9285 (DM 2.946), SwFr 2.4075 (SwFr 2.4255) and FFr 8.99 (FFr 9.055), but rising to Y242.05 (Y241.85). On Bank of England figures, the dollar's trade-weighted index fell to 138.5 from 138.6. In New York it closed at DM 2.93275, FFr 9.01, SwFr 2.4085 and Y241.95. Page 41

STERLING was firm in London, rising 1.65 cents to $1.268. It also improved to DM 3.715 (DM 3.68), SwFr 3.055 (SwFr 3.025), FFr 11.42 (FFr 11.33) and Y307.0 (Y303.0). The pound's trade-weighted index rose to 76.2 from 75.7. In New York it closed at $1.2685. Page 41

WALL STREET: The Dow Jones industrial average closed 12.59 up at 1,229.24. Section III

LONDON equities eased yesterday with the FT industrial ordinary index dipping 4.5 to 903.1. Gilts, however, posted their twelfth consecutive advance. Section III

TOKYO shares advanced strongly amid demand for a wide variety of issues, taking the Nikkei Dow market average up 124.13 to a record 11,374.08. Section III

GOLD rose 50 cents on the London bullion market to $343.00. It was also higher in Frankfurt at $343.00 and in Zurich at $342.75. In New York, the Comex December settlement was $349.80. Page 40

STERLING'S depreciation against the dollar was partly responsible for a sharp rise last month in UK prices of raw materials and fuels for manufacturing industry. The price index for bought-in fuels and materials rose by 1.8 per cent. Page 8

UK GOVERNMENT has decided not to refer the purchase of Coles Cranes by the U.S. crane-builder, Grove Manufacturing, to the Monopolies and Mergers Commission, Page 23

U.S. TREASURY auction brought yields of 8.82 per cent for three-month and 9.07 per cent for six-month bills. A three-year note sale produced an 11.01 per cent yield, with the coupon set at 11 per cent.

U.S. Securities and Exchange Commission has cleared Mr John Fedder, the director of the agency's enforcement programme, of any wrongdoing in connection with his role in a 1977 investigation of the Southland convenience stores group. Pages 23

PHILIPPINES: Breakthrough has been achieved in the year-long negotiations between the Government, its creditor banks and the International Monetary Fund over its $25bn foreign debt with the endorsement by IMF managing director Jacques de Larosière of the Philippines' request for a standby programme and debt rescheduling. Page 4

SIR WILLIAM DUNCAN, chairman and chief executive of Rolls-Royce, the UK state-owned aero-engine maker, died yesterday. Page 12

MCA earnings declined 23 per cent in the third quarter to $35.37m. The U.S. records and films group blamed the setback on disappointing results of cinema releases. Page 23

FANUC, the world's largest manufacturer of numerically controlled equipment for machine tools, lifted pre-tax profits 34.5 per cent to Y25.8bn ($107m) in the first half ended September. Page 26

SHARP, Japanese electronics manufacturer, lifted parent-company profits by almost 23 per cent to Y30.85bn ($128m) for the six months to September 30, before tax and extraordinary items. Page 26

Reagan ends his last campaign with a touch of nostalgia

BY REGINALD DALE IN WASHINGTON

PRESIDENT Ronald Reagan, confident of victory in today's U.S. presidential elections, confessed to "mixed" and nostalgic emotions as he wound up the last campaign of his political career in his home state of California yesterday.

Mr Reagan planned a final, uplifting election address to the nation later last night, as the polls continued to show him running well ahead of Mr Walter Mondale, his Democratic challenger.

One poll, however, by the respected Mr Louis Harris, flashed a warning light at Mr Reagan, who has repeatedly cautioned Republican voters against complacency in the last few days. It showed Mr Reagan's lead slipping from 16 to 12 percentage points, suggesting a last-minute surge of support for Mr Mondale.

All other polls still showed Mr Reagan heading for a landslide re-election. Mr Edward Rollins, Mr Reagan's campaign manager, said the President looked likely to win 46, perhaps even 49, of the 50 states – the same as President Richard Nixon in his crushing defeat of Mr George McGovern in 1972.

A CBS-New York Times poll gave Mr Reagan a 21-point lead, 58 to 37 per cent. The newspaper USA Today put his margin of victory at 25 points, 60 to 35 per cent.

Mr Mondale and his vice-presidential running mate, Ms Geraldine Ferraro, continued to insist that most of the polls were wrong. They maintained that a surge of support from women and black voters – as foreshadowed in the Harris poll – would give them victory against all the odds.

In California Mr Reagan said there was "a certain amount of nostalgia" to the end of his campaign for a second and final presidential term. "It's sort of like you felt when coming to your last football game of the season and knowing that you weren't going to play football any more."

A nationwide survey by United Press suggested the Republicans might pick up 10 seats in the 435-member House of Representatives – less than the 25 or so the party has been seeking to restore effective control of the House in a coalition with conservative Democrats.

The Democrats, however, were still hoping to gain a seat or two in the House, and said a loss of 10 would be the worst possible prospect. "We just do not see that much to throw us into a panic," said an official at the party's congressional campaign headquarters.

In the Senate, the Republicans seemed likely to lose at least two seats from their current 55 to 45 majority, but retain overall control. Of the 33 Senate seats at stake 19 are Republican and only 14 Democrat, with most of the Democrats appearing safe.

The Democrats said they had not given up hope of winning up to seven Senate seats, recapturing the majority they have enjoyed for most of the past 50 years, but while they were fancied to win Tennessee and Iowa, closely contested races in North Carolina and Illinois still looked like dead heats in the latest opinion polls yesterday.

Mr Reagan's main aim was to persuade the maximum number of his supporters to turn out at the polling stations today. His aides said he would stop attacking the Democrats and take "the high road" in his eve-of-election speech last night.

U.S. goes to the polls, Page 6; Reagan moves in for the kill, Page 20

UBS to take 29.9% of London broker and plans full control

BY JOHN MOORE IN LONDON AND JOHN WICKS IN ZURICH

UNION BANK of Switzerland, the largest Swiss bank, is to take a 29.9 per cent stake in Phillips & Drew, a leading London stockbrokers, in another big realignment in the British securities market.

Once London Stock Exchange rules permit, and restrictions on outside ownership are relaxed, UBS intends to increase its stake to 100 per cent.

No price has been indicated by either side for the deals but Union Bank representatives said in London that significant lines of credit would be made available so Phillips & Drew could "grow and participate in new markets."

Projections by Phillips & Drew and merchant bankers J. Henry Schroder Wagg, advising the stockbroker, suggested that the firm would require capital in excess of £40m as part of the expansion.

The alliance is the first of any size between a member of the London Stock Exchange and a European bank in the financial services revolution taking place in London.

The other foreign links with overseas banks have all been completed by London firms with U.S. partners. Brokers Hoare Govett have linked with Security Pacific; James Capel with Hong Kong and Shanghai Banking Corporation; Scrimgeour Kemp-Gee and Vickers da Costa with Citicorp; and L. Messel with American Express.

UBS, which has assets totalling nearly $48.8bn, is the least internationally oriented of the big Swiss banks. However, it has a sizeable international fund management business, and is active as a dealer and issuer in the Euromarkets.

Phillips & Drew is a leading securities house noted for its institutional clients and quality of research. It is particularly strong in portfolio fund management with over £4bn of funds under management.

In a statement yesterday, the Zurich-based bank said the opening up of London as an international financial centre and the severe Swiss tax regime had been one reason it had sought to strengthen its position in the City of London.

Mr Robert Studer, UBS's general manager, said: "We are sorry such a development is negative for Switzerland. We as a bank do not want to play a subordinated role in the most important financial centres."

Mr Bryce Cottrell, senior partner of Phillips & Drew, said there were three main factors behind the link up with UBS: it provided international synergy, the resources from which to take investment decisions from a position of strength in the changing financial climate, and the working environment best suited to encouraging the best investment work.

"We looked at a number of deals and the one with Union Bank was the best that satisfied those criteria," he said.

The London broker had wanted to remain independent but it considered that the impending changes were so big that it did not want to be left in a position where it could have missed out.

"This gives us the maximum scope for taking advantage of the changing markets," Mr Cottrell said.

Phillips & Drew emphasised that there would be no redundancies among its more than 550 staff. "We will be looking to recruit people," Mr Cottrell said.

Col Studer's surprise attack, Page 21; Lex, Page 22

DLJ agrees to $430m offer by Equitable Life Assurance

BY TERRY DODSWORTH IN NEW YORK

DONALDSON Lufkin & Jenrette, one of the most consistently profitable Wall Street firms in recent years, has agreed to be acquired by Equitable Life Assurance of the U.S. in a deal worth around $430m.

Equitable said yesterday that certain leading shareholders in DLJ had already given an option on the purchase of their shares at the agreed takeover price of $30 a share.

Although a formal agreement has yet to be signed, the insurance group's position has been further strengthened by an additional option to purchase about 18.5 per cent of newly issued DLJ stock.

DLJ, the 12th largest Wall Street firm on the basis of total capitalisation of $338m, made net profits of $24m last year and has ridden out the recession better than most of its competitors.

The company is strongly based in institutional trading, and also manages a large portfolio of pension funds.

Its equity capital at the end of 1983 amounted to $182m, of which around 15.4 per cent was held by insiders.

The agreement marks a further step in the development of broadly-based financial services companies in the U.S. Prudential Bache, the seventh largest Wall Street firm, was acquired three years ago by Prudential Insurance, and earlier this year the Lehmann Brothers Kuhn Loeb investment bank sold out to American Express.

Wall Street analysts argue that such consolidation is being fuelled by the need for additional sources of capital in the increasingly trading-oriented stock market environment.

All the firm's clients, he said, would "benefit from our greatly enhanced ability to provide trading, investment banking and corresponding services."

Mr John Carter, President of Equitable, said the addition of DLJ represented a "significant step in our planned growth and expansion as a financial services company."

Equitable, the nation's third largest life insurance company, with assets of $53bn under management, has recently shown signs of wanting to speed up its expansion.

Luxembourg seeks new Arbed aid

BY PAUL CHEESERIGHT IN BRUSSELS

THE LUXEMBOURG Government is seeking rapid approval from the European Commission for a fresh package of subsidies worth LuxFr 9.1bn ($151.8m) to aid Arbed, the national steel producer and one of the biggest European steel companies.

Commission approval of the cash injection, spread over several years, is necessary under the EEC's control of the steel industry. That control is part of a programme designed to stop the use of subsidies at the end of 1985.

The application for approval was formally lodged last week. Mr Jacques Poos, Deputy Prime Minister, said: "We are confident of a positive answer in a couple of weeks."

Injection of funds by the Government will raise its stake in Arbed from 24.5 per cent to more than 30 per cent.

The funds are designed to reduce Arbed's indebtedness; medium and long-term debt at the end of 1983 was LuxFr 33.4bn. Financial charges have absorbed nearly 10 per cent of turnover.

The provision of new finance is, from the Luxembourg Government's point of view, the last stage of a restructuring programme that has seen Arbed cut capacity and reduce its number of jobs from 26,000 to 14,500. Further economies will stabilise the workforce at 12,500.

When the Commission agreed to a capacity reduction programme in June 1983, Mr Poos noted, it said that Arbed would have to restructure its debt. The technique chosen is a series of capital increases in which the state participates.

The Government hopes that the other main shareholder, Société Générale de Belgique, Belgium's largest industrial and financial holding company, will also provide Arbed with fresh capital.

Arbed said it needed LuxFr 14bn to bring its debt under control.

Britain paves way for cut in rates

By Philip Stephens in London

THE BANK of England yesterday paved the way for a cut in Britain's base lending rates within the next day or so by lowering the rates it fixes for its official money-market dealings by ½ percentage point.

The move, which came as sterling benefited from a weaker dollar and falling U.S. interest rates to register further strong gains, was expected to prompt clearing banks to cut their base rates by a similar amount from the present level of 10½ per cent.

The clearing banks were last night indicating that they would wait for the publication today of money-supply figures for October before making any final decision on the new level of interest charges.

The figures are widely expected to show a significant slowing of the key indicator, sterling M3, during the month, bringing it back to well within the Government's 6 to 10 per cent annual target range.

There was evidence last night, however, that while the overall growth in sterling M3 was subdued during the month, bank lending continued to increase rapidly.

The clearing banks are likely to have seen that in their own returns to the Bank of England, and that may have persuaded them to await the full money-supply figures before reducing rates.

The banks will not have seen the likely offsets to their own lending within the money supply, such as low government borrowing, substantial sales of government debt, and possibly external factors.

The authorities' decision to lead a cut in rates reflects their long-held conviction that the money supply is well under control, and that lower

Continued on Page 22

Lex, Page 22; Markets, Section III

UK pit union leaders suffer triple setback

BY JOHN LLOYD AND DAVID BRINDLE IN LONDON

THE LEADERSHIP of Britain's National Union of Mineworkers (NUM) yesterday suffered three blows as it convened a special delegate conference to try to strengthen support for its eight month-old strike.

Mr Neil Kinnock, leader of the opposition Labour Party, dealt a thinly disguised snub to the union when he said he would not be able to attend or speak at any of the NUM's five planned mass rallies, which will begin with one in Edinburgh, Scotland, tonight.

Secondly, High Court-appointed sequestrators traced £2.8m of NUM funds lodged with the Bank of Ireland Finance in Dublin. The Irish High Court froze the money, which had apparently been transferred to Dublin via the Isle of Man in an attempt to avert seizure of the union's assets.

The seizure had been ordered after the NUM failed to pay a £200,000 fine imposed for contempt of court for breaking injunctions not to describe the strike as official.

The third setback for the NUM came with a large increase yesterday in the number of striking miners returning to work. The National Coal Board (NCB) claimed that the trickle back to work had become a "surge," with 802 men – a record figure – reporting for duty for the first time since the strike began.

Among other developments, the High Court ordered Derbyshire NUM to stop using its funds to finance the strike. In a separate case, the Transport and General Workers' Union was instructed by the High Court to stop the "blacking" by its members of lorries belonging to two haulage companies that have taken action against the South Wales NUM.

Mr Ian MacGregor, the NCB chairman, and Mr James Cowan, his deputy, yesterday met leaders of the British Association of Colliery Management, who complained about their style and isolation from their executives.

Mr David Paterson, the Association's president, said after the meeting that there had been widespread complaints from his members. He said Mr MacGregor had listened to the complaints and agreed to meet them again soon.

The decision by Mr Kinnock not to attend any of the NUM rallies is seen as a clear sign that he wishes to put certain distance between himself and Mr Arthur Scargill, the NUM president, announced last Thursday that Mr Kinnock and Mr Norman Willis, the general secretary of the Trades Union Congress (TUC) had been invited to speak at the rallies.

Mr Kinnock's aides believe his support for the NUM and the miners' cause is well known, but he and they are angry at the attempt to "bounce" him into appearing by announcing his presence before he received an invitation. Mr Willis, however, has said he will attend. Mr Kinnock's formal reason for not attending is because of a "full diary."

The Labour Party is to hold its own rally in support of the miners, probably on November 30, which the Labour leader will address.

The NUM's money transferred to the Bank of Ireland Finance from the Isle of Man Branch had originally totalled £8,583,000. The NUM had deposited over £3m in the Isle of Man bank at an earlier date.

The freezing of the £2.8m was granted by a Dublin High Court judge at a special sitting on Sunday night.

Employers warned, Page 10; Return to work, Page 12

CONTENTS

EUROPEAN NEWS

Chirac pledges to return banks to private owners

BY DAVID HOUSEGO IN PARIS

A CUT in France's currently high level of personal and corporate taxation and the denationalisation of state-owned banks and industry would be among the economic priorities of a right - wing government, France's largest opposition party declared yesterday.

The launching by M Jacques Chirac, the Mayor of Paris and the leader of the neo-Gaullist RPR, of the broad outlines of his party's political programme yesterday effectively marked the beginning of the opposition's campaign for the 1986 parliamentary elections, even though these are still some 15 months away.

Further evidence of the build-up of electoral pressures is the publication tomorrow of the personal manifesto of M Raymond Barre, the former Prime Minister and expected presidential candidate, in the shape of a book.

The two events come at a time of increasing confidence on the Right that it will emerge victorious in the 1986 elections. This trend was further confirmed yesterday with the publication of an opinion poll showing that 38 per cent of Frenchmen would vote for Mr Ronald Reagan against only 25 per cent for Mr Walter Mondale.

The RPR's programme, published under the title Free and Responsible, is strongly inspired by Mr Reagan's policies in the U.S. and by Mrs Margaret Thatcher's in Britain. The keynote of its approach is summed up in the commitment to "*diminishing the power of the state*, and to liberalise and decentralise France's productive capabilities."

It thus marks a large shift way from the Gaullist traditions of centralised planning. In 1978, M Chirac himself denounced "vague brands of liberalism" in favour of more intervention.

None the less, M Chirac yesterday was careful to defend himself against accusations of seeking to *dismantle the welfare state*. He said his party wanted "to overcome the crisis in the welfare state and not to end the state's necessary and legitimate role of protection."

In a radio interview last weekend, he also sought to soothe fears in France that his party would impose wholesale Reaganite policies. But for the first time, he hinted that the Gaullists might be prepared for some political link-up with the extremist right-wing National Front which has been capturing votes from the RPR. He also moved closer to the Front's policies in advocating a revision of existing regulations on abortion and in speaking of the threat to Europe from the demographic explosion in North africa.

M Chirac told a press conference yesterday that cutting taxes should *be given priority over cutting the budget deficit*. This puts him at odds with M Barre, who believes that the budget deficit must be cut before there can be any reduction in taxation.

On nationalisation, the party says that ownership of the nationalised banks and industries apart from the main public utilities, should rapidly be transferred to a holding company prior to denationalisation. *It puts forward several proposals* for easing industry's tax burden and enabling companies to lay off labour more easily.

The party's programme will be discussed in detail at a party congress later this month before being adopted and then translated into a more detailed manifesto to be published nearer the election.

The congress is seen as important in gearing up the party for the election and in bringing a younger generation into the leadership.

Slowdown in growth forecast for Italy

By James Buxton in Rome

ITALY is likely to have slightly slower growth in 1985 than it is enjoying this year, the Bank of Italy, the country's central bank said yesterday.

It also spelt out in detail the difficult conditions that must be fulfilled if the Government's target of a 7 per cent average inflation rate next year is to be met.

The bank, in its twice-yearly bulletin, said the Italian economy should grow by 2.8 per cent this year, a slightly higher rate than that of any other European country.

Inflation is likely to average 10.9 per cent, a sharp drop from the 1983 figure of 14.7 per cent, but still well above the rate of other countries.

Next year a 2.5 per cent growth rate is possible, the bank says, but only if the Government fulfils its objectives. The economy will have to cope with the slower growth forecast for its main export markets, which are expected to grow by 4.4 per cent instead of this year's 6 per cent. If Italy is to maintain its market share, inflation must come down.

The bank says that the Government's target of a state sector borrowing requirement of L96,300bn ($51.25bn) can only be met if it acts to cut current spending, especially on salaries and pensions, and if it keeps up the pressure of taxation.

Measures to raise an extra L5,000bn in revenue are needed but have yet to be decided on.

The bank says that to achieve the 7 per cent inflation rate target wages must not rise by more than 10 per cent – but warns that wage contract negotiations are likely to take them beyond that level. "Severe measures will be necessary to bring pay rises down to levels compatible with macro-economic goals," the bulletin says.

If all these conditions are fulfilled exports would rise by 4.5 per cent next year and there would be a balance of payments current account deficit of about L2,500bn, compared with this year's expected deficit of L2,600bn.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

SPANISH TRAWLER-OWNERS BYPASS NEW UK CREWING RULES

Flying fishermen beat the ban

BY DAVID WHITE IN MADRID

THE TRAWLER skipper, ruddy and English and sporting a bold check jacket, counted his crew list in the office of a fishing company in the busy port of Vigo: eight Britons, three Spaniards. A moment later he was on the telephone.

"Have you got a young lad who wants to come to Spain?" he asked. There was a short silence. Then: "Well, send him."

One more phone call fixed an air ticket from Heathrow to Santiago de Compostela. That was how the son of Norman, the mate from Grimsby, came to make his first voyage on the Red Ensign Armada.

The new arrival was to make up numbers to stay within the law when fishing in British waters. Since the UK and Irish governments cracked down last year on the use of their flags by Spanish-crewed vessels, trawler-owners have launched themselves into the travel business.

The cost of flying deck hands to and fro have been compounded by other problems – friction between English and Spanish seamen and quarrels over working conditions.

"They found that many of the English fishermen could not take it, that they were not used to working so hard or spending so much time at sea," said Sr Reinaldo Iglesias, assistant manager of the fisheries co-operative in Vigo.

Most people thought that the tough new crewing regulations would put an end to the activities of Spanish-based trawlers using British and Irish flags. But in Vigo, which has become Spain's, and possibly Europe's, largest fishing port, and in nearby Marin, there are still 10 such vessels operating, and more at Corunna, a wet-fish port which has traditionally depended on fishing grounds off south-west Ireland and Cornwall.

In total, about 60 British and Irish flag-vessels are estimated by British and Spanish experts to be working out of northern Spanish ports.

Since the late 1970s Spanish trawler-owners have been allowed by Spanish law to establish joint ventures with other countries in order to gain access to fishing waters. Most of these are now British and Irish joint companies, set up to counter the impact of restrictive EEC policies on granting licences to Spanish boats.

The trawlers land their fish – mostly hake, megrim and angler for the Spanish market – either in the British Isles or in Spain. In March last year, in response to uproar among British fishermen over this new form of competition, the UK issued a statutory instrument, the "British Fishing Boats Order 1983," under which fishing vessels would no longer qualify as British unless 75 per cent or more of the crew were British or other EEC citizens.

A crew member stands to receive 1.5 per cent of the value of the catch. On an ordinary trip, according to Sr Fernandez, this would mean a wage of about Pta 75,000 ($440) for 10 days' work, paid in convertible pesetas.

The British contingent appears to be settling down, and several captains working out of Corunna have brought their families over. After Spain joins the EEC, the formal requirement for imported crews will disappear as Britain cannot discriminate against other Community nationals.

But after all the difficulties some companies have become so used to their new hybrid way of operating that they believe British crews will continue to find employment here. "It is costly, but it works," said Sr Fernandez.

Colonel charged in Polish kidnap

A SENIOR Polish Interior Ministry official, Col Adam Pietruszka, is being charged with aiding the kidnappers of murdered Warsaw priest Fr Jerzy Popieluszko, a ministry communique said today, Reuter reports from Warsaw.

He is the highest-ranking police officer detained during the investigation of the killing of Fr Popieluszko, who was buried on Saturday after a funeral attended by 250,000

The ministry said the public prosecutor had been asked to charge Col Pietruszka, the deputy head of a department, on suspicion that he aided and abetted those who carried out the abduction and killing.

Insufficient evidence had been found against a police Lieutenant Colonel, identified only as Leszek W, who was arrested with Col Pietruszka and who has since been released, the statement added.

Three junior security police officers have been accused of abducting Fr Popieluszko last month and are expected to be charged with his murder.

The authorities have not yet released details of the official autopsy performed on the priest's body after it had been found in a reservoir last week.

Christopher Bobinski adds from Warsaw: Mr Malcolm Rifkind, Minister of State at the British Foreign Office, in Poland for a five-day official visit, yesterday laid a wreath at the grave of Fr Popieluszkio. Speaking to reporters after the brief ceremony yesterday afternoon, Mr Rifkind said that he had laid the wreath, "on behalf of the British Government and people."

"*We hope that the values for* which Fr Popieluszko stood will continue to flourish in accordance with the wishes of the Polish people," he said. Mr Rifkind also said that he welcomed some developments this year in Poland such as the amnesty for political prisoners in July but that he hoped that they were "a prelude to more substantial reforms."

Mr Rifkind's visit ends three years without contact between the governments at a senior level

On Sunday, the British minister met with four senior former Solidarity figures including Mr Janusz Onyszkiewicz, the union spokesman and Mr Bronislaw Gremek, an adviser to Mr Lech Walesa.

Warning on Belgian economy

BY PAUL CHEESERIGHT IN BRUSSELS

ECONOMIC GROWTH in Belgium will slow down next year to about 1 per cent of Gross National Product, according to estimates from Société Générale de Banque (SGB) and Kredietbank, two of the country's biggest banks.

The slowdown from an estimated 1.4 per cent at constant prices will be caused not only by the reduced growth in the international economy, which will translate into reduced expansion of exports, but by the continued sluggishness of domestic demand.

The volume of export growth is likely to be 5.8 per cent in 1985, against 6.4 per cent this year, SGB calculated. "These figures are influenced by the movement of relative prices which in 1984 will be favourable to Belgium, but will no longer be so in 1985," it said.

For Kredietbank, "the scenario of a strong dollar and moderate growth in Europe is not very attractive for Belgium, its only positive aspect being that the situation within the European Monetary System will remain relatively calm."

But, it concluded, the expected GNP growth – and it is more generous in its estimate than SGB – "is not such as to facilitate the present, or any future, Government's task to reform public finances, but it is a responsibility that can no longer be escaped."

"In 1985 the problem of public finances will be a heavy handicap for the Belgian economy," SGB said.

The general tenor of the bank's remarks is close to that of the International Monetary Fund which, in a report published last week, agreed with the Government's target of bringing the deficit down to an equivalent of 7 per cent of GNP by 1987. But it suggested a quicker rate of reduction.

Despite the rigidity in the economy which the high profile of the Government is said to engender, the rate of industrial investment has picked up quite sharply this year, rising 5.6 per cent. It will continue at a high level because of projects in the pipeline, Kredietbank said. SGB expects a rise of 3.2 per cent next year.

Greek Cypriots very pessimistic about peace talks outcome

BY ANDRIANA IERODIACONOU IN ATHENS

PRESIDENT Spyros Kyprianou of Cyprus sought the advice of Greece yesterday on how to tackle the deadlock facing the latest UN's peace initiative for the divided island, in separate meetings with President Constantine Karamanlis and Prime Minister Andreas Papandreou.

An air of gloom hung over the proceedings, as the Greek Cypriots scarcely bothered to disguise their frustration and pessimism after two fruitless rounds of bargaining with the Turkish Cypriot leader, Mr Raouf Denktash, in New York, in September and October.

Some of this frustration was vented over the weekend by senior Cypriot government officials who delivered a ringing attack on Washington, which they accused of not having exercised its influence with Ankara to wrest concessions from Mr Denktash.

The officials accused the U.S. of having financed the construction of a $550m airport in the Turkish-occupied northern sector of Cyprus for use by a U.S. rapid deployment force operating in the Middle East.

Mr Kyprianou has said he will attend a third round of negotiations in New York on November 26. According to the peace initiative conceived by Sr Javier Perez de Cuellar, the UN Secretary-General, the talks should result in a meeting between Mr Kyprianou and Mr Denktash to ratify a draft Cyprus settlement. But Sr de Cuellar admitted after the end of the second round that "no substantive progress" has been made towards this.

Cypriot government officials made clear in Athens yesterday that, from their point of view, a breakthrough can come only if the Turkish Cypriots moderate their demands for territory and constitutional power in a future federal Cyprus state. They will also have to agree without qualification to the full withdrawal of the Turkish troops which have occupied about 36 per cent of the island since 1974.

Mr George Iacovou, the Cypriot Foreign Minister, dismissed as a "a public relations exercise" statements of optimism on the outcome of the New York talks made repeatedly by Mr Denktash in the past few weeks.

In rounds one and two, Mr Denktash is understood to have proposed the return of about 2.4 per cent of territory to the Greek Cypriots, allowing the return of about 30,000 refugees out of a total of 170,000. Mr Denktash has also reportedly proposed that there should be an alternating Greek Cypriot and Turkish Cypriot President, and demanded separate ethnic majorities in Parliament on issues such as security.

He apparently wants the Turkish troop withdrawal to start once a federal state has been established, but without specifying a deadline for a complete pull-out.

Sr Perez de Cuellar is believed to have submitted an agenda which he hopes will bring about a compromise between the two sides in the third round of talks.

Sinowatz in East Berlin for two days of talks

EAST BERLIN—Herr Fred Sinowatz, the Austrian Chancellor, arrived here yesterday for talks expected to focus on ways of breaking the deadlock in East-West relations.

East German officials said the two-day visit and recent taks in Helsinki by President Erich Honecker were intended to show that East Berlin wants to maintain East-West contacts.

These have continued despite the postponement of Herr Honecker's controversial planned trip to West Germany in September, put off apparently under strong Soviet pressure.

Austrian officials said Herr Sinowatz would assess East German feeling towards Bonn and pass on impressions to Chancellor Helmut Kohl of West Germany, who visits Vienna on November 21.

East Germany and Austria have both stressed that Europe's smaller states have a role to play in easing East-West tensions.

Vienna has also offered to help defuse tensions between Bonn and East Berlin over the 130 or so East Germans occupying West Germany's embassy in Prague in a bid to emigrate to the West. Herr Sinowatz may repeat Austria's offer to give the group provisional political asylum.

Austria and East Germany, which have had good relations since the early 1970s, were also scheduled to extend an existing economic agreement after talks on expanding overall trade. This has doubled since 1979.
Reuter

Hungary cracks down on work-shy

By Leslie Colitt in Berlin

HUNGARY HAS issued tough regulations to turn work-shy citizens into productive members of society. The measures, which take effect next January have been decreed at a time when living standards are falling for most Hungarians and there is widespread criticism of those who earn a living from illegal pursuits.

Poland and Hungary have had the least restrictive laws in Eastern Europe against people who evade employment, but the Poles, too, have started to crack down on shirkers.

Hungarians convicted of "vagrancy constituting a public danger" can be sentenced to "reformatory and educative" labour for one year under tight supervision, under the new regulations.

In an average year, legal proceedings are taken against some 17,000 Hungarians on vagrancy charges which are often connected with other crimes such as theft or failure to provide support. The Presidential Council, however, decided to introduce more severe penalties for habitual vagrants.

Those convicted will be obliged to work and live wherever the court dictates for at least a year and for up to three years if they have also committed petty crime.

Courts will be able to commute the remaining period of a supervised labour sentence into imprisonment if the convicted person commits a severe breach of the conditions. Probation under the supervision of a social worker may also be ordered by the courts which can specify where the probationer is to work.

Dr Laszlo Medve, an undersecretary in the Ministry of Health, said widespread tipping in the government health service has turned into an increasingly "allergic area" of social life.

Doctors normally expect a gratuity from their patients and this practice has led to such serious problems, Dr Medve said, that effective counter-measures have become "indispensable."

Patients who register for sickness benefits as well as for disablement certificates routinely tip the examining doctors. When medical opinion does not coincide with the patient's view, he said, the latter invariably thinks the reason was the "non-payment of a gratuity or having paid too little."

David Buchan and **Aleksandar Lebl** assess the background to a dissident trial

Shadows lengthen over Yugoslav liberals

SIX SERBIAN dissidents yesterday went on trial here on charges of conspiring to overthrow the Yugoslav state. The trial is part of the heaviest crackdown for several years in a country which, despite having the best general record on human rights in Eastern Europe, is now finding its political system sorely tested by economic hardship.

The roots of the crackdown are domestic, but the ripples go further. Foreign groups as disparate as the Italian Communist Party and U.S. Congressmen have written letters of protest about the trial and some Western governments have expressed informal concern. This in turn has fuelled official Yugoslav touchiness about outside interference, already evident in other ways such as the recent expulsion of two Western journalists and the Government's reluctance to submit itself to further Internationl Monetary Fund supervision to satisfy foreign creditors.

Belgrade's curious ambivalance was aptly illustrated yesterday. After no fewer than 25 journalists (10 Yugoslav and 15 foreign), plus Mr Milovan Djilas, the country's best known dissident, were allowed into court, defence lawyers requested that any Communist Party members or former policemen be struck from the five-man panel of judges on grounds of possible conflict of interest. The court's president agreed to rule on this and adjourned the trial until today. Meantime, the defendants went home free, as they have been for most of the long pre-trial proceedings.

The run-up to this week's trial started on April 20 when 27 people were arrested here for attending a lecture on the sensitive nationalities issue by Mr Djilas. All were freed after questioning. But four of them, plus two others not at the Djilas lecture, were then charged, under Article 114 of the criminal code, of "association aimed at hostile activity."

This conspiracy charge, carrying on conviction a minimum five-year sentence, is the heavy gun in the authorities' political armoury; it has mainly been trained on those alleged to be urging separatism in Croatia in the early 1970s and in Albanian-speaking Kosovo since 1981.

But only two months ago Mr Vojislav Seselji, a Sarajevo lecturer, got an eight year sentence under Article 114, for suggesting (in an unpublished paper) that the country's eight republics and provinces be amalgamated into four. His proposal that Bosnia disappear into its Serb and Croatian ethnic component did not go down well with his fellow Bosnians.

Inspiration for the crackdown comes not only from Bosnia, but also from Slovenia which, despite its pro-Western cultural affinity to neighbouring Austria and Italy, recently prosecuted a journalist for an article judged to be anti-Brezhnevite, and from Croatia where the local Communist Party this year compiled an index of "anti-socialist" authors. The fact that 170 of the 200 authors on the list live in Belgrade reinforced an impression that a co-ordinated squeeze is being put on this relatively liberal city, which serves as capital to Serbia and to the federation. The "university groups" of 20-30 reform-minded intellectuals had met each week here for the past seven years until Mr Djilas addressed them for the first time last April.

Much as they seek to quarantine Mr Djilas, however, the authorities acted for other reasons — mainly to distract attention from the tensions which prolonged austerity and persistent inflation are causing in Yugoslav society.

The poor and those without jobs or on fixed incomes are increasingly venting their anger on their Communist Party delegates, who in turn are looking for scapegoats, be they the IMF or dissidents. The relatively weak federal authorities, whether the Communist Party or the government, are—for a communist country—peculiarly ill-placed to control the sharp debate that has broken out inside the Yugoslav establishment.

They can, however, move against dissidents as a reminder to all inside the League of Communists that this political debate has limits. Mr Mitko Calovski, the Information Minister, denies such motives. But he emphasises that "there will be no change *of* the political system, only *within* the political system."

The issue of political tolerance divides many, even at the heart of the establishment. Some senior Slovene leaders have said the Belgrade trial is a major blunder, costing Yugoslavia its traditional backing from the West European Left. Dr Gojko Nikolis, a former general and Spanish Civil War veteran, last month resigned his party membership of 50 years on the matter.

Yugoslavia puts more people on trial for political charges than any other East European country—an average of 500 a year, according to Mr Srdja Popovic, a leading human rights lawyer in Belgrade. But he explains the apparent paradox that Yugoslavia is at the same time more, not less, liberal by saying that "people here still hope that things can be changed and therefore want to express themselves."

The government has never divulged how many political prisoners it holds. According to the only recent (1977) figure given, some 26,000 Yugoslavs cannot get a passport to travel or leave. The vast majority are those who have not paid taxes or alimony or who have a criminal record. Most notable among those not permitted for political reasons to travel abroad is Mr Djilas himself. But Yugoslavs are still in an incomparably better position to vote with their feet than other East Europeans.

Most—nearly 90 per cent—of political charges brought are so-called verbal crimes, sometimes just misdeameanours like singing Enver Hoxha's praises in the street construed as pro-Albanian agitation. But with the recent serious trouble in Kosovo and now the heavy hand laid on liberals, sentences are lengthening. The average was 7.5 years last year. This year, too, the shadows are lengthening over Yugoslavia's human rights record.

Smaller current account deficit forecast for Portugal

BY DAVID DODWELL IN MACAO

PORTUGAL'S CURRENT account deficit is unlikely to exceed $830m this year, barely two-thirds of the $1.25bn limit agreed with the International Monetary Fund, Dr Victor Constancio, vice-governor of the central bank, said yesterday.

Speaking in Macao, the tiny Portuguese-administered territory on the southern coast of China, he said the improvement was due largely to a slump in imports as domestic industry has contracted in response to an austerity package agreed early in 1983 with the IMF. Portugal's gross domestic product is expected to fall by 2 per cent this year.

Dr Constancio was addressing an annual seminar for international bankers organised by Banco Portugues do Atlantico, one of the country's leading banks.

While the private sector is showing signs of responding to IMF medicine, Dr Constancio indicated that government spending — as measured by the administrative public sector deficit — has proven less responsive. He forecast an Esc 205bn (£1.04bn) deficit this year — about 9 per cent of GDP, compared with a target of 8.5 per cent agreed with the IMF.

Export performance is expected to be better than forecast, with sales to all European countries rising as devaluation has made local products more competitive. Foreign exchange earnings have also been aided by strong growth in tourist receipts — up 15 per cent in the first half of 1984, and expected to be at least 10 per cent up for the year as a whole at $895m.

He predicted a worsening of the trade deficit, with imports rising strongly as recovery prompts local industry to restock. As a result, the current account deficit is expected to widen again to $1bn.

While total external debt is expected to continue rising — by 7.7 per cent this year to about $15.6bn, and by a further 6.4 per cent in 1985 to $16.6bn, loan repayments are expected to peak this year at $1.8bn, falling back in 1985 to $1.65bn.

Sikhs venture out as Indian crisis eases

BY JOHN ELLIOTT IN NEW DELHI

INDIA'S CITIES moved steadily yesterday back towards normal daily life despite considerable communal tension between Hindus and Sikhs and a heavy army presence in the worst trouble spots of New Delhi and other areas.

There were a few small isolated outbreaks of violence. But for the third day in succession there were no widespread riots anywhere in the country and the estimated death toll remains at approaching 1,000.

The effectiveness of the army and other security personnel in the last three days is a significant initial success for Mr Rajiv Gandhi, the new Prime Minister.

Sikhs, who have been under attack by Hindus since the assassination last Wednesday of Prime Minister Mrs Indira Gandhi, are still scared to move far from their homes, especially in New Delhi.

They ventured out in considerable numbers yesterday in Delhi's inner suburbs, though there were few to be seen in the outer slums and the city centre. Some Sikh businessmen went cautiously to visit their factories, and other businesses damaged and burned in the riots and repairs started to some city centre shops.

The next potential cause of tension is the birthday on Thursday of Guru Nanak, founder of Sikhism 500 years ago, which could spark violence.

In New Delhi there are believed to be up to 30,000 Sikh refugees in relief camps, Sikh temples, schools and other public buildings, all guarded by armed security forces. The value of looted property recovered in the city by policy is estimated to have risen to £400,000.

In the Sikh's home state of the Punjab, where there is heavy press censorship, the situation was "tense though generally peaceful," according to Lt General G. S. Rawat, Vice Chief of Army Staff.

He said troops were in a full state of readiness both in the Punjab and the neighbouring more northern states of Jammu and Kashmir, both of which border Pakistan.

They were ready to deal with trouble in India and to check on "infiltration of extremist elements" across the border.

Trains moving into Punjab and the next state of Haryana to the south are being heavily guarded following widespread attacks on Sikh train travellers last week.

Over 300 trucks belonging to Sikhs were last night leaving Delhi for the northern states under heavy reserve police guard who are also escorting Sikhs between Delhi's airport and railway stations.

THE INDIAN Government has moved to support local stock markets with a package of measures including a directive to public financial institutions to buy shares, Reuter reports from New Delhi. Brokers in New Delhi and Bombay say the Finance Ministry package also includes a condition that forward traders must deposit at least 10 per cent of the total value of stocks before they are offered for sale. Stock markets reopened yesterday after a four day closure following the assassination of Mrs Indira Gandhi. Traders said they feared heavy nervous selling of shares due to the political uncertainty and the Hindu-Sikh riots that followed Mrs Gandhi's murder.

De Larosiere approves Philippines debt resheduling

BY EMILIA TAGAZA IN MANILA AND MARGARET HUGHES IN LONDON

A MAJOR breakthrough was achieved over the weekend in the year-long negotiations between the Philippines Government, its creditor banks and the International Monetary Fund (IMF) over its $25bn (£21bn) foreign debt. M Jacques de Larosiere, managing director of the IMF, endorsed the Philippines request for a standby programme and debt rescheduling package.

This means that the package can be submitted to the full IMF board which is expected to meet later this month to approve the package. This would give the go-ahead for the commercial banks rescheduling deal agreed in principle last month.

The Philippines Government has requested a $615m standby credit from the IMF and is seeking to reschedule its commercial bank debt of $5.8bn maturing between October 1983 (when the Central Bank imposed a moratorium on repayments) and the end of 1986. The bank package covers $3bn renewed trade credits and also includes a new commercial bank loan of $925m, somewhat less than the $1.65bn which the Manila Government had originally requested.

The rescheduled public sector debt will be restructured over 10 years with a five years grace period. The interest margin will be 1¾ per cent over Eurodollar rates or 1⅝ per cent over the adjusted U.S. CD rate.

The new bank loan will have a maturity of nine years, also with a five years' grace period. The margin will be 1¾ per cent over Eurodollar rates or 1⅝ per cent over the higher as prime rate or the adjusted CD rate.

● Philippines Armed Forces Chief Gen Fabian Ver and 25 other people hrave been indicted on charges of "double murder" before the government ombudsman for the slaying of Benigno Aquino and his alleged assassin, prosecutors announced yesterday, AP reports from Manila.

Justice Manuel Herrera, head of a three-man prosecution panel, said the 26 have been ordered to answer the charges in 10 days.

The panel then will decide after reviewing evidence whether there is "probable cause" to refer the case for trial.

At the National Assembly, 57 Opposition legislators filed a resolution demanding the resignation of President Ferdinand E. Marcos for being "morally, legally and politically responsible" for the Aquino assassination.

The resolution also asked for the immediate dismissal from military service of Gen Ver.

Political observers, however, do not expect the resolution to prosper.

S. African Blacks stay away from work

By Jim Jones, in Johannesburg

COMBINED ACTION in the past few weeks by South Africa's army and police force has failed to end unrest in the country's black townships.

Yesterday, large parts of South Africa's industrial heartland were brought to a halt as thousands of Black workers headed calls from unions and civic groups to stay away from work for two days.

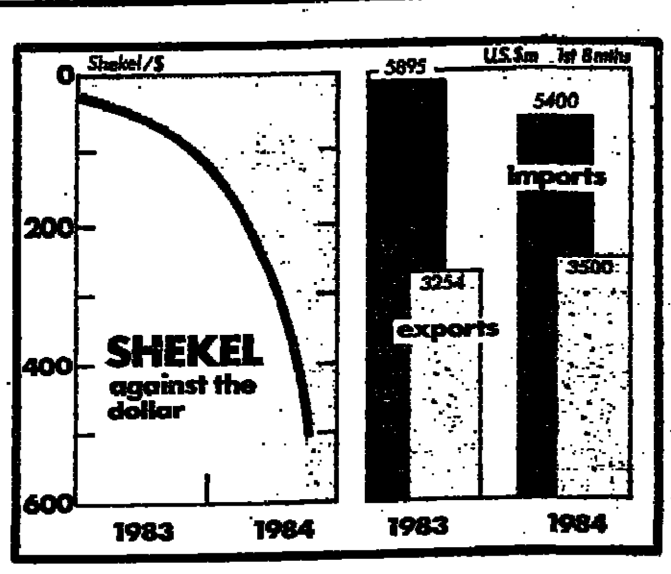
The stayaway, in protest againt increases in rents and utility charges, has been met with firm police action.

This time, however, the authorities refrained from calling military assistance in the wake of wide protests at the earlier use of army units to search black townships for so-called revolutionaries.

Worst affected by yesterday's stayaway were the industrial towns of the East Rand, to the east of Johannesburg, and the Vaal Triangle, to the south of the city.

Employers in the two areas reported that between 80 and 90 per cent of workers stayed away yesterday,

The stayaway campaign is a joint effort by various black trade unions, which for the first time, have co-operated with civic groups and the United Democratic Front.



Wage freeze that gives the Israelis a sense of reality

BY DAVID LENNON IN TEL AVIV

THE WAGE and price freeze agreed over the weekend in Israel has won the government a three month breathing space to try to halt the deterioration of the economy. If it fails to capitalise on this opportunity, the crisis may turn into a sudden economic collapse requiring severe remedial measures which could bring down the national unity coalition.

Last month has been described by many as "black *October*." *The* yet to be announced inflation figure is expected to top 25 per cent for the month. The price of subsidised basic commodities rose by up to 60 per cent. Foreign currency reserves fell by $94m (£79m) to bring them below the $2bn mark. Tax collection, which has been breaking down under the country's hyperinflation, declined by 25 per cent compared with October 1983.

The package deal between the government, unions and employers freezing taxes, wages and prices for three months which was signed yesterday comes only days after the U.S. transferred its $1.21bn economic aid allocation for fiscal 1985 to Israel.

Under the terms of the agreement, the prices of all goods and services are frozen, wage earners are forgoing part of the monthly automatic compensation for inflation and the government has frozen all taxes, will bring down interest rates and prevent the payment of dividends to Israelis during the period of the freeze.

The unions agreed to a 10-20 per cent erosion of real wages over the three months period because, in the words of Mr Israel Kessar, secretary general of the Histadrut trade union federation: "Without this deal unemployment could have been even more serious than at present."

The employers acquiesced to a price freeze, with all the problems involved, because "with inflation soaring past the 1,000 per cent mark we had simply lost control of our businesses. We have no idea whether we are making or losing money," explained Mr Eli Hurwitz, President of the Manufacturers' Association.

These developments ease two of the country's most pressing problems, rampant inflation and dwindling foreign currency resrves and provide a period of tranquility during which the government can take steps to deal with the crisis on a more *permanent basis, especially the* current account deficit in the balance of payments which topped $5bn last year.

The package deal is designed to control and reduce inflation which on a month to month basis is running at 1,000 per cent. The U.S. aid will top up the country's seriously depleted foreign currency reserves which last month dropped below $2bn.

But these measures do not change the basic situation, Mr Yitzhaw Moda'i, the Finance Minister, says that they must be accompanied b yadditional steps, "primarily deep cuts in government spending." He knows that *otherwise there will* be a price explosion in three months and much of the U.S. and will have been frittered away on current expenditure.

The key lies wth the budget. In September the new government approved a $1bn cut in the 1984-85 $20bn budget. The Finance Minister is talking now about a further budget cut of at least $500m.

However, most estimates show that by the end of this fiscal year on March 31, 1985, the cut will only have been $300m. This has led most economists here to view with some scepticism the ability of the government to make further cuts.

The $1bn spending cut may not be achieved because, as Mr Moshe Nissim, the Justice Minister, complained at Sunday's cabinet meeting, the freeze on prices an dtaxes makes it impossible to implement the original cuts in expenditure because much of it was to be achieved through slashing subsidies and imposing new levies.

Israel's problem is that over half of the budget is devoted to servicing and repayment of the gross foreign debt of $23bn, incurred over the years to pay for the country's mighty military machine.

This means that the cuts must be made from the remaining half of the state budget. But about 50 per cent of this is allocated for defence expenditure, an item which is hard to cut in this security conscious country.

In effect, the main reduction in the budget has to come from the relatively small sum which remains for other ministries' expenditure.

One of the main tasks facing the government is a restoration of public credibility in its ability to manage the economy. The lack of credibility was responsible for the run on bank shares last year which nearly toppled the banking system and for the continued *hoarding* of dollar bills by the Israeli public, which is estimated to have about $3bn "under the floorboards."

The signing of the package deal is a major achievement for the new government, in particular for Mr Shimon Peres, the Prime Minister, who personally intervened to ensure agreement was reached with the unions and employers.

Though wages will be eroded by 10-20 per cent and inflation is expected to fall to under 10 per cent a month, this is only the beginning of a long road for the government.

The time *bought* is short, only 90 days, but with inflation running out of control it is a valuable period during which the government must take other steps to ensure that the gains of the package deal are not washed away in a flood of price rises at the end of the freeze.

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Lebanese Prime Minister Rashid Karami says his "national unity" Cabinet will meet by Wednesday to work out a joint approach to postponed talks on an Israeli withdrawal from south Lebanon.

Mr Karami said he had asked for the postponement of the talks, which should have started yesterday, because the absence of some ministers had made it impossible to hold a Cabinet meeting to prepare for them.

Lebanon and Israel have agreed to reschedule their talks for Thursday, Lebanon's state and privately owned radio stations reported yesterday.
Agencies

Botha stresses 'normality' of relations with Tel Aviv

BY OUR TEL AVIV CORRESPONDENT

SOUTH AFRICA'S dealings with Israel are "realistic" and should not be "singled out as indicative of anything but normal relations," Mr Pik Botha, Pretoria's Foreign Minister, said yesterday.

After an official meeting with Mr Yitzhak Shamir, his Israeli counterpart, Mr Botha said: "Each government recognises that we must be careful not to create the impression that we are that close together, because it's not really true.

"What happens between Israel and South Africa is happening between South Africa and other African states. We trade, we have normal relations.

Israel is particularly sensitive about its flourishing ties with South Africa, which are believed to be especially strong in the military/weapons field. When pressed about these ties during his visit to the U.S. last month, Mr Shimon Peres, the Prime Minister, said he abhored Apartheid.

Though described as a private trip, this first visit by a senior South African Minister since the late Premier John Vorster came to Israel in 1976 has all the trappings of a state visit.

After his meeting with Mr Shamir, Mr Botha was due to have unannounced talks with Mr Yitzhak Rabin, the Defence Minister, in Tel Aviv. Neither side was prepared to confirm the meeting or say what they discussed.

WORLD TRADE NEWS

U.S. wine law change provokes EEC protest

By Ivo Dawnay in Brussels and Christian Tyler in London

EEC TRADE officials have formally objected under the General Agreement on Tariffs and Trade (Gatt) to U.S. legislation allowing grape growers the right to call for punitive action against European wine imports.

The move comes as Californian producers are preparing their case to the U.S. Administration for new tariffs against Community wine in retaliation against EEC subsidiaries paid to grape growers.

Provisions in the U.S. Trade Act, passed at the end of the last session of Congress this autumn, allow the U.S. grape industry just one attempt to prove unfair competition.

But the U.S. Administration has already made clear that it opposes the extension of comparisons between the management of EEC and American wine industries from wine itself to the grape growers. This, it argues, breaches the boundary between industrial and agricultural rules and is almost certain to be contrary to Gatt agreements.

The EEC has fought vigorously against the wine provisions in the Trade Act, warning that it would seek to retaliate if any action is taken by the U.S.

The issue may be raised again by the EEC at a preliminary meeting of the Gatt Council today. But the U.S. is expected to repeat earlier assertions that no action against the Community wine industry is likely for several years as no complaint or investigation has yet been held.

The Gatt Council's three-day meeting will consider the so far meagre results of two years' study of major trade issues. It is the last meeting of the council before the annual session of the 90 member nations later this month, which could determine whether there is any hope of another international trade negotiation to roll back the protectionist tide.

The talks in Geneva will be clouded by the passing of the U.S. Trade Act, which many countries regard as a further twist of the protectionist screw. Opposition to the U.S. legislation is expected to surface during today's meeting.

On the agenda for the full council will be China's application for observer status at the Gatt, the prelude to possible full re-admission. China has already joined the Multifibre Arrangement.

The council is also due to consider a partially-successful complaint to a Gatt tribunal by Canada about EEC curtailment of its quota on Canadian newsprint.

● The European Commission will have another round of consultations with the Reagan Administration in the next few days on the sale of European steel pipes and tubes on the U.S. market. The Administration is under pressure from the industry to hold back imports.

But the Commission noted yesterday that it had no mandate to negotiate any sales restraint agreement. Pipes and tubes are not controlled within the EEC's emergency regime for the steel industry.

● Hong Kong will decide this week whether to take its objections to new U.S. country-of-origin rules to the Textiles Surveillance Board, a Gatt body, Mr Hamish Macleod, the colony's trade director, said yesterday, AP-DJ reports.

At a Press conference, Mr Macleod also said he believes the U.S. has not strictly enforced the new customs rules and that some shipments of garments from Hong Kong that might be restricted by the new regulations are getting through to the U.S.

The rules, which were announced on August 3 and partially imposed on September 7, took full effect last week. The regulations limit imports of garments assembled in one place of components made in other countries.

Why Boeing is putting new Airbus airliners on ice

BY LESLIE COLITT IN BERLIN

PARKED on the tarmac at Hanover airport are three Airbus A310 aircraft, painted in the livery of Kuwait Airways, which does not fly to Hanover. The aircraft have never been flown by Kuwait Airways and are now owned by Boeing, Airbus Industrie's chief rival in the aircraft sales business.

This curious situation emanates from the searing competition between Boeing and Airbus. The U.S. company bought the undelivered Airbus A-310s from Kuwait Airways in order to sell the airline its own Boeing 767s.

Aircraft manufacturers have long been purchasing used aircraft, their own and rival makes, in order to sell new ones. But buying up the competition's brand new airliners marks a new stage in the sales battle.

The A-310s were flown to Hanover airport because that is where Hapag-Lloyd-Flug, a West German charter airline has its service base. The West German company will service the aircraft until Boeing can resell or lease them to another airline.

Boeing has also bought five Airbus A-300s from Singapore Airlines in return for selling it jumbos and Boeing 757s.

Hapag-Lloyd was chosen as Boeing's European service base for the rival Airbuses because it has a fleet of seven Boeing 727s and 737s and seven Airbuses. "Our job is to see to it that the Airbus aircraft are ready to be flown away at any time," said Herr Gerhard Simonsen of Hapag-Lloyd.

The war between Airbus Industrie and Boeing intensified in September when the European company signed a letter of intent with Pan Am which is to lease and purchase a fleet of Airbus A300s and A310s worth up to $2bn. This was seen as an important breakthrough for the Airbus.

Mr Edward Acker, Pan Am's president, was asked if he believed Boeing might now make him a better offer. He replied this was "possible" but that Pan Am had chosen the Airbus because it was the "better airplane". He noted that Boeing did not have the "right solution" for Pan Am's specific needs.

Japan's petrochemical cuts may not suffice

BY CARLA RAPOPORT

THE REMARKABLE rationalisation of Japan's petrochemical industry may not have been remarkable enough. In advance of new competition from Saudi Arabia, where multi-billion dollar chemical plants based on cheap natural gas are coming onstream, European producers have been looking with envy at Japan's rationalisation.

By next spring Japan will have shut down a third of its capacity and slimmed sales networks from 48 to eight. When completed, the Japanese programme should bring domestic supply roughly in line with projected demand in the world's second largest market after the U.S. In Europe, nothing of the kind has been accomplished, and capacity still overhangs demand by some 15 per cent.

But industry executives in Tokyo are already saying they have not done enough. When the plan was drawn up in 1982, "we thought the Saudi Arabians would be delayed or some of their projects discarded," said Mr Akio Kobayshi, corporate planning director of Sumitomo Chemicals, one of Japan's largest chemical groups. "But we underestimated them."

At the same time, the Japanese companies hoped that Europe would be more successful in rationalising its industry. Most of the deals to date, however, have been small ones like last week's between ICI of the UK and Atochem of France, in which just 2 per cent of Europe's low density polyethylene capacity will go out of business.

As a result, Japan sees trouble ahead on two fronts. The first is its exports. Although they account for only 10 per cent of production, Japan has carved out an important position in the South East Asian petrochemicals market, a position it had hoped to maintain over the next decade. It now fears that European producers, anxious to keep up their production levels, will make a battleground out of that market.

Mr Akira Takashima, director of the chemicals division of Miti, the Japanese Ministry of Trade and Industry, which sponsored the chemicals rationalisation programme said: "If they (Japanese chemical companies) lose their foreign market, even though it is just 10 per cent, the effect will be so great that prices in the home market will be greatly reduced."

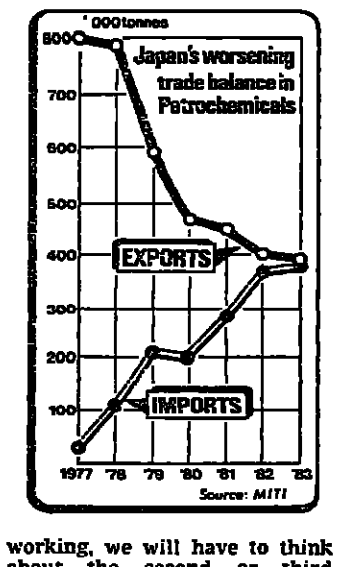
The Japanese chemical producers can ill afford a price reduction. According to Miti figures, the industry lost Y82.2bn (£272m) on sales of Y2,800bn in 1982, and earned only Y14bn on sales of Y2,900bn last year.

The second area of vulnerability for Japan is on imports, which have been steadily growing over the last six years. This is due to the feedstock advantage of American and Canadian producers, who can use cheaper natural gas products to make their petrochemicals. Japan's industry, by contrast, is 97 per cent dependent on imported naphtha.

Added to this increasing success from North America is the unexpected marketing strengths of the new Saudi Arabia producers. "Our customers were unsure about Saudi Arabia because of expected lack of service and reliability of supplies. But they are doing a first-class marketing job. And furthermore, if the price is very low, they (the customers) will certainly buy," said an executive in Tokyo recently.

The industry had been projecting that imports of ethylene would increase by about 40 per cent by the end of the decade to 570,000 tonnes. In May this year, the figure was re-estimated at 700,000 tonnes a year of ethylene or 17 per cent of the domestic market.

Unlike Europe or the U.S., Japan cannot consider raising tariff barriers against this rising tide of imports, because of its trade surpluses with other countries. Some executives are already recommending further cuts in capacity. "The current volume of scrapping is one scenario, but if it is not working, we will have to think about the second or third scenario which will show more reduction of capacity," said Mr Takashima.



New Siberian gas pipeline planned

By Our Berlin Correspondent

MOSCOW has told its East European allies in Comecon that they can get increased gas supplies by helping it to build a gas pipeline from Yamburg on the Tas Peninsula in Western Siberia to the Western border of the Soviet Union.

The pipeline will be the second major such project for the East Europeans. They helped build the 4,600-km Urengoi pipeline which has started to carry gas to Western Europe.

At a Comecon conference in Havana, Cuba, Mr Nikolai Tikhonov, the Soviet Prime Minister, plainly told the East Europeans they could get greater supplies of gas by helping to build both the pipeline and facilities on the site. But he ruled out greater supplies of oil. The Soviet Union wants to sell its oil to the West to earn hard currency for vital imports of grain, machinery and equipment.

If the Urengoi pipeline seemed remote Yamburg is even more so. It is not even listed in the Soviet geographical atlas although the Gas Ministry in Moscow says it contains the second largest field in the country.

Located 146 km north of the Arctic circle and 400 km to the north of Urengoi, Yamburg is certain to become one of the most challenging gasfields ever to be exploited. Already 40 tracked vehicles are on site along with bulldozers, crawler tractors and trucks as well as prefabricated housing and a portable power station.

Yamburg cannot be permanently supplied by land, however, as hurricane force winds sweep in from the Kara Sea during the long winter when temperatures hover at minus 60 degrees Centigrade. The bed of a nearby river had to be widened and deepened with explosives to permit supplies by sea.

Drilling rigs had to be erected quickly at Yamburg as the heat created by the rigs quickly softened the permafrost. Boreholes were drilled obliquely into the ground from one site to obviate this problem.

In June 1983 the first production borehole began pumping but the gas went only to the site workers' houses. A pipeline was begun to connect the Yamburg field to the Urengoi pipeline but progress was slow.

Ford boosts Brazilian Escort sales in Europe

By Kenneth Gooding, in London

SALES OF Brazilian-made Ford Escorts have been so buoyant in Scandinavian countries that the company will introduce them to Denmark and Switzerland this week.

The Brazilian Escorts have been sold alongside European-built versions in Norway, Sweden and Finland but at retail prices 6 and 7 per cent below those for the European cars.

Ford said it needed the low-cost Brazilian models to compete with the Japanese who do not have to face in Scandinavia the 11 per cent tariff barrier imposed by EEC countries.

Since the launch in January, Ford has sold about 16,500 of the Brazilian cars and substantially improved its market shares.

In Norway the Escort's share of the total market has moved from 3.1 per cent last year to 6 per cent in the first eight months of 1984. In Finland the improvement has been from 3.4 per cent to 4.6 per cent. Ford hopes to make similar progress in Switzerland.

Denmark is a special case, however. Although it is a member of the European Community, a 200 per cent tax on cars has made Danish pre-tax prices the lowest in the EEC.

U.S. PRESIDENTIAL ELECTIONS

Jesse Jackson . . . loses appetite for Democrat's campaign

Jackson out of sight but not out of mind

By Reginald Dale

WHATEVER happened to Jesse Jackson? The black Democratic presidential candidate has dropped like a stone off the U.S. TV screens since Mr Walter Mondale was nominated at July's Democratic Convention.

Mr Jackson, it seems, is not after all going to deliver the South to Mr Mondale, through a massive black vote registration drive, as the Democrats once fondly hoped.

Mr Jackson has indeed been actively campaigning in the South, and registering a great number of black voters—relatively unobtrusively for a man who likes the limelight. But he is up against a number of problems.

The first is that his heart is not really in it. While he urges southern blacks to register, he finds it hard to go on and enthusiastically urge a vote for Mr Mondale.

The excitement that his candidacy spurred among black voters earlier in the year is not readily transferable—and it is not even sure that Mr Jackson wants to transfer it. He seems to prefer to bank that support for some future date.

The second problem is that whites in the South have mobilised their own voter registration drive and are registering new Republicans as fast as, if not faster than, Mr Jackson is signing up black Democrats. Perhaps three or four out of five of the new white voters will vote for Mr Reagan—if they vote.

That's the third problem. According to a recent study by Ms Mary Coleman, a political scientist at Jackson State University in Mississippi, new voters in the South, whether white or black, who tend to be poor and underprivileged, are actually less likely to go to the polls than voters who have been registered longer.

Mr Jackson, who has in the past blown hot and cold with alarming rapidity about the Mondale candidacy, is defensive about what he has been doing. "The record will show that I've spoken more times to more people and convinced more people to vote for Mondale and Ferraro than anybody else in the field—including Mondale."

Nevertheless, he complains that Mr Mondale has not really delivered his side of the bargain. He feels that Mr Mondale has not given blacks important enough campaign positions and has neglected favourite Jackson issues like South Africa and U.S. Third World policy, perhaps the ticket itself."

The preliminary conclusion of the political experts is that Mr Reagan has gained as much white support from Mr Jackson's activities as he has lost black. Blacks in any case are almost a lost cause for Mr Reagan—they are expected to vote Democratic by 80 per cent to 90 per cent.

Mr Jackson has this year done for many blacks what Ms Ferraro has done for women. He has made them respectable candidates for national office. Neither the U.S. nor the world has heard the end of him.

Reagan keeps company with world's grand old men

By Godfrey Hodgson

IF—as it would seem—American voters are willing to dismiss the "age issue" and vote by an overwhelming margin for the oldest candidate who has ever campaigned for the White House, they will be taking a gamble—but one which, on the form, has a fair chance of turning out happily.

There are examples—President Eisenhower is one, and Sir Winston Churchill another—of men of great energy and ability afflicted in office by grievous physical disability.

But there are also many examples of men who have taken and wielded power effectively when far older than President Ronald Reagan, who will be 74 next February 9. Herr Konrad Adenauer, for example, first became the Federal Chancellor at 73, Mr Reagan's age today. He signed the Treaty of Rome eight years later and did not retire until he was 87.

President Reagan's health has been a subterranean issue in the campaign. His opponents claim that he falls asleep in meetings, loses the thread and does less than a full workload. His doctors insist that his health is excellent—and his supporters retort that perhaps some of his predecessors should have worked shorter hours if it would have made them as successful as he has been politically.

There are also men for whom "climbing to the top of the greasy pole," as Disraeli put it, is a better rejuvenator than monkey glands, restoring vigour and confidence to many a politician who had slouched his way indifferently through the middle slopes of a career. Ronald Reagan seems to be one of them.

Another classic instance is the Earl of Stockton, better known as Mr Harold Macmillan, of whom it was said, when he was 60, that "he seemed to many people to be bored, tired and ready for retirement." At 63 he became Prime Minister and threw himself into the job with a jaunty zest for life which he has not lost at 90.

Charles de Gaulle was similarly reinvigorated when he left Colombey-les-Deux-Eglises in 1958 to become President at the age of 68 and proceeded to dominate French politics until his retirement 11 years later.

Chairman Mao put himself at the head of the youth of China in an effort to prevent the ageing of the Revolution. He launched the Great Proletarian Cultural Revolution at the age of 72. At 80, he had given up swimming in the Yangtse and said "God has *sent me an invitation*" but he still impressed Dr Henry Kissinger as "the incarnation of willpower."

Mr Gladstone, the Grand Old Man of Victorian politics, was not only indisputably grand he was also astonishingly old.

When Gladstone was 82, Queen Victoria, herself a mere 73, scoffed bitterly at the idea "of a deluded, excited man of 82 trying to govern England. . . . It is like a bad joke." The next year he was back in No. 10 Downing Street at the age of 83, at the head of his fourth administration, and he hung on for another two years.

There are two separate issues involved. Incapacitating illness—a heart attack, a stroke, blindness or deafness—can strike a man at any stage of later life. That is one hazard in *electing or appointing men* of great age to high office, but it different from the gradual decay of faculties, known medically as senility, which can set in at widely differing ages.

President Eisenhower was a fit 62-year-old when he became president. Yet in the next five years he suffered a massive coronary thrombosis, an intestinal condition (ileitis) that demanded major surgery and a dangerous cerebral stroke. Although recent biographers have rehabilitated Eisenhower's reputation, there was a pervasive feeling during his second term that he was not fully fit for the duties of the presidency. Indeed, the Eisenhower precedent has helped to fuel the whispering in Washington about President Reagan's health.

During the First World War, the youthful Winston Churchill remarked with a mixture of awe and compassion on M Georges Clemenceau at 74, "a terrific engine of mental and physical power, burning and throbbing" in an exhausted body.

Churchill's slow decline into senility and the resilience with which he overcame medical disasters that would have killed weaker men, were chronicled in painful detail by his doctor, Lord Moran.

When he finally retired, aged 80, Lord Moran noted, Churchill had survived one heart attack, three attacks of pneumonia, one of them "a damned near thing," two cerebral strokes, two major operations, one of which lasted two hours, senile pruritis and conjunctivitis, not to mention hernia, deafness and a long period of no natural sleep without sedatives.

What general conclusions can be adduced from the impact of old age on political leaders? Perhaps only two: that old age afflicts very able men and women, as it afflicts the rest of us, in an utterly unpredictable fashion. Second, that the machinery of government will continue to function as well if the leader is absent in mind as if he is absent on vacation. All that is missing in that case is the direction that energetic and wise leadership called on for in the first place.

The President . . . showing his age

Exercising their democratic rights, 220 also-rans jostle for votes

By Nancy Dunne in Washington

CONTROVERSY STILL surrounds the choice of Ms Geraldine Ferraro as the first woman Vice-Presidential candidate to run on a major political ticket.

Yet virtually no attention is focused on two women pursuing the Presidency today.

One is Ms Sonia Johnson, a former Mormon, who has ejected from her church for supporting women's rights. The standard-bearer of the Citizens' Party, which polled 226,000 votes in the last Presidential election, Ms Johnson runs on a platform emphasising feminism, non-violence and disarmament.

Even less known is Ms Nell Fiola, a prophetess who claims she can travel through space and time.

The two women are among more than 220 minor party and independent U.S. Presidential candidates of varying degrees of seriousness and political philosophies who have registered with the Federal Elections Commission.

In the fine old tradition of democracy, anyone can run for President who is at least 35 years old, a natural-born U.S. citizen, and a U.S. resident for 14 years. Sometimes, it seems, almost anyone does run.

This year's roster includes two convicts on a prison reform platform, a clown who promises to "talk to the Russians one to one," a folk-singing minister, and a house painter who wants to refinance the country and give everyone $10,000 (£8,330).

Another woman is pursuing the Vice-Presidency. She is Ms Angela Davis, the black militant who achieved notoriety here in 1970 when she was accused of aiding an attempted prison escape. Ms Davis is running on the Communist Party ticket headed by Mr Gus Hall, at 74 the oldest candidate in the field.

In the last Presidential election year, Mr John Anderson an independent candidate, captured 6.6 per cent of the total vote. To-day's minor candidates have little hope of drawing that kind of support. Although most are in the race for fun or *publicity, some are deadly serious.*

The candidate most likely to finish third today after Mr Ronald Reagan and Walter Mondale is Mr David Bergland, head of the Libertarians, who two basic tasks: protecting personal liberty and defending against foreign invasion.

Mr Bergland would sell most of the Federal Government's assets to pay off the national debt, supports a totally free market economy, and calls for a non-interventionist foreign policy.

Another contender is Mr Lyndon H. LaRouche, founder of the right-wing U.S. Labour Party, who is now calling himself an independent democrat.

Mr LaRouche has also switched his focus from the "conspiracies" of the Rockefeller family to the need for a world monetary system based on gold to prevent global economic collapse.

Mr LaRouche had a $7m campaign budget which he spent largely on commercial television time.

Many of the other contenders are one-issue candidates seeking write-in votes to promote a favourite cause.

Mr Owen Balding, a retired history professor from Illinois, wants to replace Congress and the Supreme Court with groups of citizens chosen regularly by lottery.

Mr Earl Dodge, of Denver, Colorado, the nominee of the Prohibition Party, seeks to ban liquor and abortions and restore school prayer.

Mr Philip Baker, a Kentuckian, wants spaceship rides to the moon and other planets.

Ms Susanna Dakin, of California, has a popular proposal among peace activists. She wants the leaders of the superpowers wired to blow up before everyone else, in the event of nuclear war.

Paul Simon

Phil Gramm

Ray Shamie

James Hunt

Charles Percy

Jesse Helms

Suspense still surrounds Senate contests

By Nancy Dunne

THE ONLY suspense left in today's voting, according to U.S. pollsters, is the question of coat-tails. Will President Reagan's popularity carry Republican congressional candidates to victory? Will the electorate seek to check the President's less liked foreign and social policies by sending Democrats to Washington? Will the coat-tails of popular Democrats give Mr Walter Mondale some unexpected victories in the north and mid-west?

The Senate is now composed of 55 Republicans and 45 Democrats. The Democrats hope to pick up two or three seats, the Republicans hope to maintain their margin.

In the House, the Democrats have been firmly in control by 266 seats to 167. Polls show the Republicans picking up strength, but predictions vary widely. The Republicans will be ecstatic if they pick up the 26 seats they lost in 1982, which would again give them, with the help of conservative Democrats, "working control" of the House.

Candidates in several senatorial contests have been running neck and neck for weeks. The most expensive contest, and one of the closest, is being fought in North Carolina between Senator Jesse Helms, powerful chairman of the Senate agriculture committee and Governor James B. Hunt Jr, the state's popular, moderate governor. The most recent Gallup poll gives the lead to Senator Helms. The Harris poll predicts a win for the governor.

In Texas, the Republicans are expected to claim the seat in the Senate with the electorate Representative Phil Gramm, a former Democrat who became something of a local hero when he switched parties in 1983 to back Reaganomics. His opponent is a Liberal state senator, Lloyd Doggett, who has been trying to disassociate himself from Mr Mondale's unpopular tax proposal.

Two races in the mid-west are getting national attention. In Illinois, Senator Charles Percy, chairman of the foreign relations committee, is barely holding his lead against his Democratic challenger, Congressman Paul Simon. In Iowa, where the farm recession is still deep, another Republican senator, Robert W. Jepsen, is in trouble running against the Democratic congressman, Tom Harkin.

In West Virginia, Governor John D. (Jay) Rockefeller IV, a Democrat, has spent millions on a dubious television ad campaign attacking his Republican opponent for the Senate, wealthy businessman John R. Raese. The governor is maintaining the lead, but the outcome is in doubt.

A conservative tide is threatening to sweep Massachusetts and take with it to the Senate Republican businessman Raymond Shamie, who is facing Lt. Governor John F. Kerry, a handsome former anti-war Vietnam veteran.

Political hopefuls catch on to the power of the computer

By Paul Taylor in New York

"OVER 500,000 people run for public office in the U.S. each year. Where you have two relatively evenly matched candidates, the one with the computer is going to win."

So says Mr John A. Phillips who once ran for Congress in Connecticut and lost. But in the process he turned his electioneering experience to good use. He hit on a money-spinning idea which has blossomed as politicians and party organisers discovered the power of the computer — particularly in a presidential election year.

In 1982, Aristotle Industries, a small high-tech company founded by Mr Phillips and his brother five years earlier, began marketing a computer software programme called "*campaign manager.*"

The programme, which sells for $750 (£614) and runs on either IBM or Apple personal computers, is one of a new wave of computer software designed to help candidates win office—and then stay there.

So far 1,100 candidates, including 160 members of Congress and political hopefuls from as far away as South Korea, have bought Aristotle's programme alone. Sales of "campaign manager" this year have topped over $500,000.

Using the programme's integrated features, candidates and their supporters can perform a multitude of tasks including: keeping track of polls, drawing up sampling and mailing lists, targeting potential supporters, scheduling candidate appearances with VIP's and printing out directions for the limo driver, indexing opponent's political statements, drawing up press releases and keeping tabs on funds and expenses.

The lack of access to such a programme was brought home in 1982 to Mr Tom Bradley, Los Angeles Mayor, when he ran unsuccessfully against Republican George Deukmejian for the California Governship.

Using computers, the Republican camp was able to identify absentee voters likely to vote for Deukmejian. The result was 150,000 Republican postal votes, almost double the Republican's paper-thin 93,000-vote victory.

Although computers had been used in election campaigns before, the California experience is probably partly responsible for the surge in their use during this Presidential election. Both parties are actively using computers but by all accounts the Republicans have retained the edge.

The Democrats are using computers for mundane tasks like fund-raising appeals and generating mailing lists

In the Republican national committee's Washington headquarters Mr Dr Thomas Hofeller, director of Computer Services, has installed two minicomputers, a digital equipment machine and one made by Wang, and a variety of personal computers.

Among the specific uses Dr Hofeller cites:

● Using a political and a demographic data base, which the Republicans bought from the U.S. census office, the party is able to focus on groups of potential supporters and issues.

● By indexing and cross referencing the political statements of opponents gleaned from newspaper clippings and elsewhere the Republicans are able to provide candidates, including the President, with up to date and highly specific information on the opposition.

● Seventy Republican field workers have been equipped with briefcase-size Tandy model 100 portable computers which can be tied in using telephone lines to the main computer to send and receive "electronic mail."

Dr Hofeller believes the use of computers in election campaigns "will grow exponentially."

Although he admits there is still "a certain amount of fear because of a lack of understanding" among candidates about using computers, he is convinced the computer has already become a permanent feature of U.S. election campaigns.

Aristotle Industries and other software vendors are also gearing up for the main post-election challenge facing successful candidates—keeping the job.

In December Aristotle will start marketing a $2,500 program called "constituent service." The new multi-user program is designed to help office-holders keep in touch with *their supporters* and *constituents.*

Ferraro puts women in the front line of politics

By Reginald Dale, U.S. Editor, in Washington

THERE IS one thing Ms Geraldine Ferraro is not. She is not "a quitter." Perhaps even more than Mr Walter Mondale, her presidential running mate, she still insists that the Democrats can stage a miraculous comeback to win today's U.S. elections.

"Gutsy," "feisty," "tough," "spirited" and "abrasive" are some of the words that have been used to describe her since she burst on to the national scene in July as the first ever woman vice-presidential candidate of a major U.S. *political party.*

To many Americans outside her New York base—and particularly in the South—her style seems grating and unsympathetic.

In the past three months, however, she has needed all of that grit. A few days after sky-rocketing to an emotional high at the San Francisco Democratic Convention, which nominated her with ecstatic giddiness, Ms Ferraro plunged back to earth with a resounding and painful thump when she discovered what the American media can do to those who run for office in post-Watergate Washington.

At one point she almost seemed to quit. After the public inquisition over her tax returns and the finances of her husband, Mr John Zaccaro, a wealthy New York property dealer, she confessed in a flighting moment of weakness that if she had known what *was in store she might not* have agreed to run.

But she rallied. Most Americans, according to the opinion polls, thought that she handled the crisis with dignity and aplomb—it is not uncommon or really unrespectable for people in the U.S. to have tax problems. If anything, there was less sympathy for an increasingly unpopular press than there was for her.

The damage was still done. Ms Ferraro has never regained the pristine shine of those few heady days in the San Francisco limelight. She is now, it has been remorselessly repeated, "just another candidate."

The myth that she was a "poor immigrant" from New York has also been punctured—while she represents the working class congressional district of Queens, *everybody knows* that she lives in a millionaire's home in a swank, rich enclave.

That, seen from Washington, has been both good and bad for her cause. It is good that a woman should not be held to the impossibly high standards with which she seemed to set out—just because she was a woman and an exciting political novelty.

It is bad, because her descent from the giddy heights allowed a lot of people to make unnecessarily catty and destructive comments about her. She did not help herself by publicly casting her husband in the role of the selfish, male-orientated "Italian husband" that he probably is.

Ms Ferraro was obviously right to complain about the Mafia slurs that were made against her, simply because, *she says, she has an* "open vowel" at the end of her surname.

But it remains a fact that it is hard for anyone to succeed in New York politics, as she has, without coming into contact with seedy and shady characters — you don't even need the "open vowel."

Nevertheless, some of these questions have not been satisfactorily answered. It is too early to tell how far they may damage her political career in the future — if, for example, she runs for the U.S. Senate in New York in 1986

There are, perhaps not so surprisingly, a number of people who said, this year, that they would most of all have liked a Reagan-Ferraro ticket.

Ms Ferraro's task has turned out to be a thankless one, but she has fulfilled it. Either party which in future leaves a woman off the ticket will have a hard job explaining why. She *may or may not have* "won" her debate with Vice-President George Bush, but she has established herself as a serious and, to many people, a popular campaigner.

There are still many who believe that Mr Mondale would have done better to choose, say, a Southern man, to balance his ticket. Of course Ms Ferraro was chosen because she is a woman — just as a Southern man would have been chosen because he was a Southern man.

That is not a reason for criticising her selection, as Mr Reagan did last week. She has not, it is true, lived up to the initial impossibly exaggerated expectations. These were defined as follows by Time magazine last week: "Women, especially women seeking public office, have been allowed a very narrow range of acceptable behaviour. A woman candidate must be neither too sexy nor too severe, too young nor too old.

"Her voice must be modulated into an aural approximation of the dress-for-success suit. Otherwise she will be thought — God forbid — too aggressive.

"She must seem tough enough to stand up to the Soviets *without* being *tough* enough to frighten Freud." She may also, of course, like everyone else, be fallible.

Ms Geraldine Ferraro . . . insists a Democratic comeback is still possible

Voters in 44 states to rule on referenda

By Nancy Dunne

MORE IS at stake in today's elections than the U.S. Presidency.

In Utah, voters will decide whether or not showing sexually-explicit films on cable television constitutes a criminal act. In Montana, denture manufacturers are battling dentists for the right to fit their products directly into the wearers' mouths.

As U.S. voters choose between Mr Ronald Reagan and Mr Walter Mondale and select Congressmen and Senators, they will also be asked, in 44 states, to rule on a variety of initiatives, referenda, bond issues and constitutional issues.

It is called "direct democracy," a trend which has grown by leaps and bounds since the activist 1960s.

The number of initiatives — those added to the ballot through the use of citizen petitions — surged six-fold between 1968 and 1982, according to Mr David D. Schmidt, editor of the Initiative News Report in Washington.

Although the total has dropped off since the last election, when nuclear-freeze measures were on the ballot in nine states, there are still 40 initiatives to be decided this year. Most are pretty serious business.

In California, voters will decide if the legislature, now controlled by Democrats, should cede, to a bi-partisan eight-member commission of retired judges, the once-a-decade power to re-district the state politically. They will also be asked to make drastic cuts in welfare spending and to approve a state lottery.

Michigan voters, hot with tax-cut fervour, will vote on a repeal of all tax increases levied since January 1, 1983 and whether to re-establish the 4.6 per cent state income tax level of January 31, 1982.

Oregon voters will rule on the death penalty for specified crimes, such as aggravated murder, and Washington State residents may ask Congress to remove Indian rights to fish for steelhead trout.

One of the costliest initiative campaigns, according to Mr Schmidt, is being fought — through the use of TV commercials — in Arizona over the question of hospital-care costs.

It is a contest between big business, seeking to reduce the costs it must pay for employees' health insurance, and the hospitals, on five ballot propositions — two of which provide for regulation of hospital costs.

With five *confusing* initiatives on the ballot, it is possible that *two or more will pass and then* conflict with each other, Mr Schmidt said. The legislature could then conceivably amend them — although it has never before "dared" to take such an action, he added.

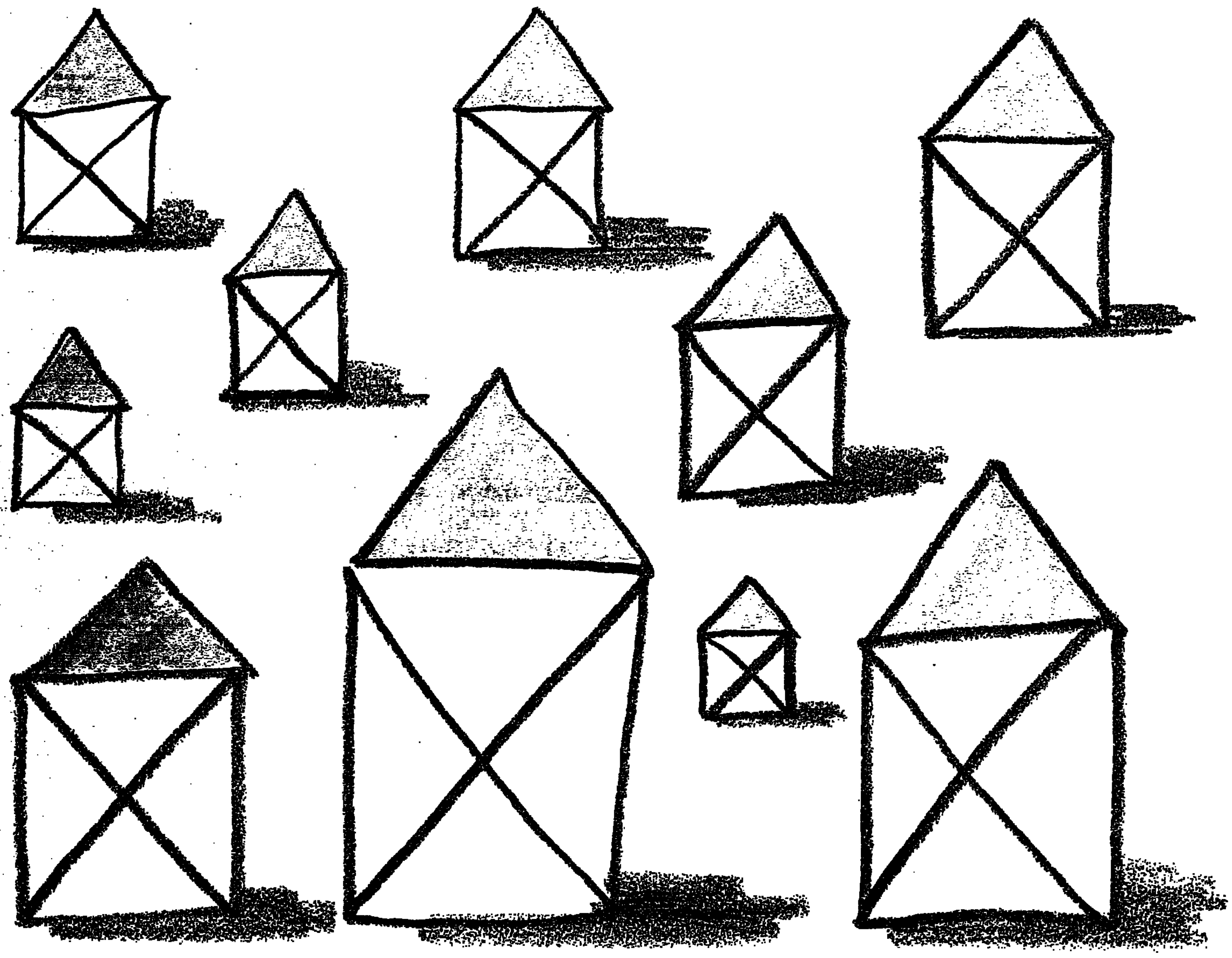
One of the more controversial initiatives will be debated in Washington, where an organisation which feeds the homeless collected 35,000 signatures to force the city government to provide overnight shelter for those adrift in the nation's capital.

The movement has been opposed by City Hall, which took the issue to court (and lost) in a last-minute attempt to get it removed from the ballot. City officials fear the measure will attract even more homeless to Washington than the 5,000-15,000 estimated to be on the streets.

While the *nuclear freeze is* absent from all state ballots but one—South Dakota—voters in 16 cities will be asked to make their areas nuclear-free zones, which would outlaw all nuclear-weapons activities, including research.

Eight states will rule on taxes and business regulations. Five will vote on gambling issues, and three face various political reforms.

SIEMENS



Room to expand— a range of ten mainframe computers, all running under one operating system: BS2000

When a family outgrow their home, they can always move house.

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Strength in numbers

There are BS2000 installations in service in many parts of Europe today. An operating system as widespread as this encourages the generation of a large range of software products, and in so doing also consolidates its own position: obviously, the more different software packages an operating system will support, the more useful it becomes.

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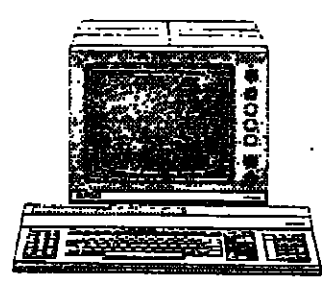

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UK NEWS

Large oil producers yet to accept BNOC price

BY RICHARD JOHNS

LEADING oil producing companies operating in the UK sector of the North Sea last night had still not accepted the proposal by British National Oil Corporation (BNOC) for a $1.35 per barrel price cut.

BNOC says that it expects complete agreement by the end of this week. But there were signs last night that three of the large operators were unhappy with the lower price structure proposed by the corporation 2½ weeks ago.

Statoil of Norway, which precipitated the latest oil crisis by offering a discount of $1.35 to its customers, yesterday confirmed that it had raised the rate by 30 cents for November.

Large operators still to accept the new price structure sought by BNOC were British Petroleum, Esso and Britoil. Shell assented to the new proposals on October 23, but may now have misgivings.

BNOC's proposed selling rate of $28.65 for Brent Blend, the UK reference, now compares with those for comparable varieties:

- $29 for Arabian Light, Opec's reference.
- $29.05 for Norwegian Brent
- $28 for Nigerian Bonny Light.

BNOC is understood to have received acceptances from a number of companies for the price proposals made in the wake of Statoil's offer of the $1.35 discount and Nigeria's subsequent $2 price cut.

The corporation, which has sustained heavy losses by having to sell UK crude on behalf of producers in the spot market, is believed to have obtained assent so far mainly from companies with interests weighted mainly in refusing and marketing rather than production.

The Treasury recently informed BNOC that its losses by mid-September had exceeded its assets, according to the text of a minute submitted to the House of Commons committee of public accounts. The document says that BNOC responsed by requesting an assurance that Mr Peter Walker, Energy Secretary, "would provide financial support."

Manufacturing costs rise sharply

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE PRICES of manufacturers' raw materials and fuels rose sharply in October, partly as a result of the recent depreciation of sterling against the dollar, which pushed up commodity and oil prices in sterling terms.

Figures published by the Department of Trade and Industry yesterday showed that the price index for bought fuels and materials rose by 1.8 per cent between September and October and by 8.6 per cent in the year to October.

This compares with a rise of only 6.5 per cent in the year to September. However, although inflationary pressure has clearly increased, Whitehall officials caution that the jump in the annual rate in October may be a statistical quirk.

It reflects the fact that prices fell by 0.2 per cent in October 1983. However, the rate of increase of manufacturers buying prices has been running significantly ahead of the inflation rate for almost two years.

Manufacturers have been able to absorb some of the price increases through higher efficiency, however. In the year to October, the prices charged by manufacturers for their goods rose by 5.8 per cent, compared with 5.6 per cent in the 12 months to September.

The index of selling prices rose by 0.5 per cent between September and October as a result of fairly widespread increases across industry.

BL issues writ for ballot on car strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

UNION OFFICIALS from all 13 Austin Rover car plants yesterday voted to reject the company's latest pay offer and continue their strike which began earlier in the day.

Austin Rover, the volume car division of BL, the state-owned motors group yesterday issued a High Court writ seeking an injunction against nine trade unions requiring them to withdraw the strike until a ballot had been held among the workforce.

The company, which has offered a pay rise of 10 per cent over two years, took its legal action under the 1984 Industry Act. It is the first large employer to use the legislation since it came into force at the end of September.

A spokesman for the unions said the company would need to make an increased offer before they would consider calling off the strike.

● Ford yesterday made an improved pay offer of 5 per cent to its 44,500 hourly-paid workers. Union leaders rejected it and further negotiations were set for November 15.

Managers plan yard buy-out

By Andrew Fisher

THREE EXECUTIVES of British Shipbuilders plan to mount a management buy-out for Swan Hunter, the second biggest yard in the nationalised group and one of those set for privatisation by the Government.

News of the proposed deal for which no price has yet been discussed, came as the 7,500-strong workforce voted to ban overtime in protest against possible redundancies.

Swan Hunter, a combined merchant and warship yard, has told employees that the order book — now worth about £500m — will drop sharply next year

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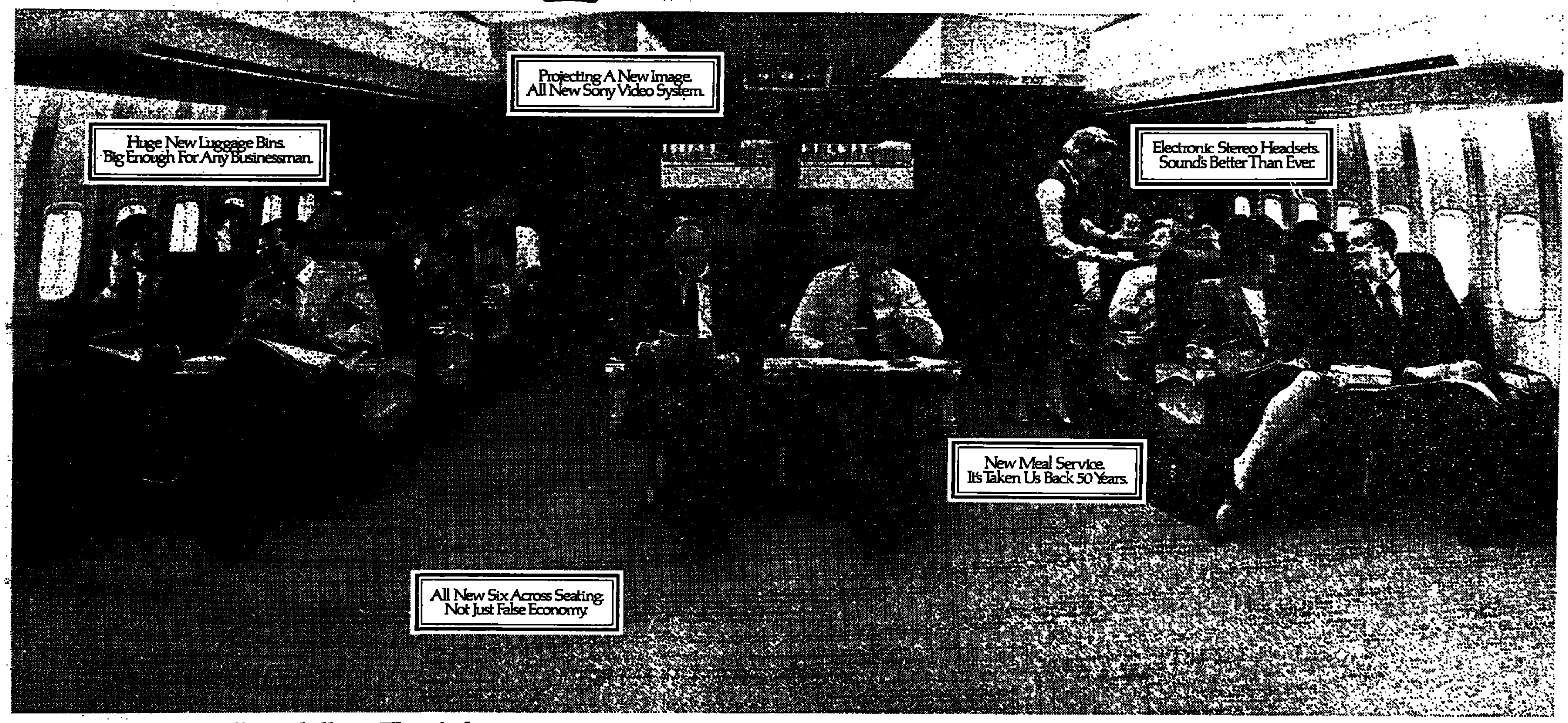

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The Confederation of British Industry at Eastbourne

Warning on 'surrender to miners'

A VICTORY by Mr Arthur Scargill in the miners' dispute would be "profoundly damaging to industry as a whole," Sir James Cleminson, president, said yesterday in his opening address to the CBI conference, **Alan Pike writes.**

No government and no business in a democracy could surrender to the tactics witnessed over the last seven months, he said.

Mr Scargill was proud of the fact that he had not moved one inch. "As a result, he is not only behind the policy of putting the jobs of his own members at peril by his actions – he has put more jobs in the energy-intensive industries at risk."

Because the nation had persisted in maintaining highly uneconomic pits, every taxpayer in Britain was subsidising the British coal industry. That was one of the reasons why the UK's energy-intensive industries such as steel, chemicals and paper, had been uncompetitive by world standards.

It was all very well for Mr Scargill to say Britain had the cheapest deep-mined coal in the world. Some of it was, but a lot was not.

"We should be concentrating on those low-cost pits while spending more money creating new business opportunities in the areas affected by closures," he said.

"Just as the British Steel Corporation has successfully demonstrated at Corby, surely development along these lines presents a constructive approach which ought to attract the wide support of the trade union movement, rather than the understandable, but nevertheless, misguided support they are currently giving to the miners' cause."

Sir James welcomed the fact that those companies which were experiencing increased profitability were turning to new investments.

The CBI forecast an increase in investment of at least 15 per cent this year over last year with a further increase expected next year.

"Our task now is to ensure that the new technologies are put to proper use with properly trained people working efficiently."

Sir James Cleminson

EEC border controls costed at £500m

THE COST to European industry of frontier formalities within the EEC is estimated at £500m per year, Mr Christopher Tugendhat, vice-president of the European Commission, told delegates, **Walter Ellis writes.**

This "astonishing" figure, resulting from time wasted at border crossings, represented between 5 and 10 per cent of the pre-tax value of traded goods.

Mr Tugendhat, who leaves Brussels at the end of this year after two terms as Budget Commissioner, was speaking in a debate on a motion which urged the abolition of barriers to trade in goods and services within the EEC.

He said that the single most important contribution the Community could make to enhance the competitiveness of European industry, and thus help to reduce "the present terrible level of unemployment," was the creation of a real common internal market like that in the U.S. Companies which could not compete would have to adapt their practices or go under.

The Commissioner proposed *three areas in which action* was needed: border formalities and standards for both goods and services.

In October, he said, ministers attending an internal market council had agreed a common position on the basic rules for a single customs document. Further efforts were required to bring about agreement by the end of the year.

On standards for goods, he noted that a package of 15 Community directives had been agreed. "But we must ensure that even measures as laudable as the new German rules on vehicle emissions do not have the effect of creating new barriers to trade. In my view, all goods that *can be placed on the market in one* member state should be able to enter the markets of all the others."

Mr Tugendhat said progress in the area of financial services had also been slow – "so slow indeed that in the field of insurance the Commission had launched proceedings in the European Court against several member states in order that the right to provide services across frontiers, which we believe flows directly from the *Treaty of Rome*, can be implemented."

He said that in the services sector, which employs 56 per cent of the EEC workforce and accounts for one third of external trade, "a situation must be created in which a service properly *authorised in one* member state can be provided in all the others without the need to create a fresh establishment."

Mr Patrick Sheehy, chairman of BAT Industries, said that European business performance in recent years had fallen way behind that of the U.S. It was no wonder that so many politicians and businessmen were taking an increasingly negative attitude towards Europe. But there was no alternative to Community membership for Britain. "The prospects for an 'isolated, offshore island would be bleak indeed."

Business, he said, had to think positively and demand the freedom to operate throughout the Community. Businessmen had to find the markets and they needed the support of governments in the creation of a single European market.

Sir David Nicolson, of Rothmans International, stressed the need for a Brussels directive on services and said that if the price of a common financial services market was UK membership of the European Monetary System (EMS), then it *was a price worth paying.*

Mr Christopher Tugendhat

Mr Charles Green, of National Westminster Bank, pointed out that the European Currency Unit, the Ecu, was now the third most widely quoted currency in the European money markets.

Mr John Raisman, of Shell UK, felt that EMS membership was now essential and would be seen as an act of very real political commit*ment to a real economic community.*

Lord Pennock, chairman of BICC and incoming president of Unice, the Union of National Industrial Confederations of Europe, said it was necessary to break down barriers to trade through public pressure allied to pressure from the CBI and Unice.

He said Sir Geoffrey Howe, the Foreign Secretary, had promised to use a list of "nonsenses" drawn up by the CBI to help convince his European colleagues of the necessity to establish a single European market. There were too many ideas, theories and concepts about Europe and too little that was of practical value.

The fact that French beer could not be exported to West Germany because of a 16th century regulation was absurd, as was the requirement by France that Italian wine should have French labels.

Lord Pennock was optimistic that M Jacques Delors, the incoming president of the European Commission, would act to help break down national frontiers.

Mr Robert Robinson, of Robinson and Sons, said that his company was a *highly* successful manufacturer of disposable nappies but was facing unfair competition from a European rival which *he said benefited from hidden state subsidies.* If such national aids were not made unlawful, his company might have to reconsider its development plans. "We cannot compete with European governments," he said.

Mr Malcolm Harbour, of Austin Rover, felt that the EEC now had to show the political will to open up a free market. It was also important that the new members of the Community, Spain and Portugal, should be brought into the European ta*riffs system.*

In 1983, he said, the Spanish car industry, which benefited from a 4 per cent duty into EEC countries, had outproduced the UK car manufacturers and was exporting heavily into Britain. In the other direction, however, there was a 25 to 38 per cent discriminatory tax that resulted in the UK exporting only 2,700 cars to Spain. This had to change.

Mr Derek Kingsbury, of Fairey Holdings, reminded delegates that the Community collectively had a formidable bargaining power in the world. This had to be used, and it was up to the CBI to resist protectionism, subsidies and unfair trade in respect of trade within the EEC itself.

Emphasis on service industries attacked

BUSINESSMEN have sent a strong message to the Government that they want more attention to be paid to regenerating manufacturing industry. They are seeking more expenditure on infrastructure projects such as roads, **Lisa Wood writes.**

Speakers attacked the Government's emphasis on service industries to lead the recovery. Mr Roland Long, of International Harvester, said people were gullible if they believed that there had to be an inevitable switch from manufacturing to services or that, as North Sea oil production declined, there would be a natural revival of manufacturing industry.

He said the sad decline in manufacturing and the tragic rise in unemployment had constituted the price that had to be paid for the Government's outstanding success in the control of inflation. However, there could be no substantial fall in unemployment without the regeneration of manufacturing industry.

Mr Kenneth Durham, chairman of Unilever, reminded conference that the world's high-growth economies had remained strong in manufacturing. There was a bogus dilemma, he said, between services and manufacturing.

Mr Roy Lawrence, of Raytel, said: "We must make the re-establishment of a powerful industrial base our first priority."

His views were echoed by Mr Clive Jeanes, chairman and managing director of Millken Industries, who said that many service industries could succeed only on the base of sound manufacturing industries.

"Manufacturing matters because it is still the main source of wealth creation in this country," he said. Government was not convinced that manufacturing mattered, and he gave the example of changed rules on capital allowances in the last budget.

The debate, urging the Govern*ment to take a more positive* attitude towards infrastructure projects such as roads, housing and sewerage systems, received strong support.

Speakers spoke in support of the CBI report, Fabric of the Nation, which calls for investment of up to an additional £2bn over 10 years in such projects.

UK NEWS

Unions in printing technology agreement

By David Goodhart

THE LEADERSHIP of the print union, the National Graphical Association (NGA) yesterday unveiled an agreement which may ease the inter-union squabbles arising from the introduction of new technology in the provincial press.

Mr Tony Dubbins, NGA general secretary-elect, told the union's annual conference that the other main print union, Sogat '82 had accepted a plan for 50-50 Sogat-NGA membership in telephone advertising departments for companies introducing single key stroking.

Although there are no single keying agreements yet, when they do come they will allow tele-ad staff as well as journalists to send material direct to computerised typesetting.

The 50-50 deal would imply a continuation of union organisation in the "origination department" – one of the main NGA conditions for accepting single keying. It will not be welcomed by the employers but it may attract less resistance than the union closed shop in editorial.

At present less than half of the industry's 3,300 counter and tele-ad staff are unionised and the majority of those who are belong to Sogat.

Mr Dubbins told the conference that the blurring of demarcation lines by new technology made the argument for one union for the printing industry more urgent than ever.

He gave a warning, however: "To link up with our colleagues in Sogat, fundamental compromises will have to be made, and historic prejudices will have to be overcome. There will not be any more amalgamations on the basis of creating a bigger NGA."

The Sogat development is in sharp contrast to relations with the National Union of Journalists which have been soured by the NGA's move into the sub-editing area at the Portsmouth News.

Such transfer agreements seem likely to become a condition of accepting single keying and Mr Dubbins emphasised yesterday that no-redundancy agreements were not enough.

NCB claims strikers' return to work is gathering pace

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE NATIONAL Coal Board (NCB) claimed a considerable success yesterday when 710 men turned up for work at its pits for the first time since the strike began in March.

All coalfields shared in at least a little of this success. The NCB's star area was North Derbyshire, where Mr Ken Moses, the area director, and his colleagues have made herculean efforts to cajole the 10,500 men back to work.

They have been assisted since the beginning of the dispute by Bolsover colliery, which has throughout had some 200 men working. They built on that figure at Shirebrook and Warsop pits especially, and had 500 men at work by the start of the August holidays. The end of the holidays saw a surge forward.

By early October, the area had passed the 1,000 mark and since then the return has increased in speed. Yesterday, there were 1,596 men working in the area, 353 of whom were "new faces" since Friday.

North Derbyshire is the only one of the areas in the English Midlands where the strike has taken hold. In Nottinghamshire, South Derbyshire and Leicestershire, the strikers have always been few and have now dwindled to a hard core of 1,500 out of a 30,000 workforce in Nottinghamshire and only 30 of the 6,000 men in Leicestershire and South Derbyshire.

In Warwickshire's Coventry pit, strikers outnumbered workers by 60:40 until two weeks ago. The Board says, however, that the proportion is now 50:50 and it expects the pit to come slowly into line with the rest of the area.

The Western area, comprising Lancashire, Staffordshire, and the small coalfields of North Wales and Cumbria, reported 176 new faces yesterday from an overall labour force of 17,000. Of those, 96 were in Lancashire, where about 40 per cent of the 7,000 miners are working, and some 80 were in Staffordshire, where the Board says three quarters of the 9,000 miners are at work.

The board in Scotland and Yorkshire, is also expressing some jubilation. Scotland saw 35 new faces yesterday, bringing the total to 401. The area has seen a slow build-up since 23 men crossed picket lines for the first time at Bilston Glen on July 23, after the summer holidays.

By the end of August, 170 men were working. That grew to over 300 by the end of September and to 360 at the end of October. Barony pit, the one Scottish colliery that could claim to be wholly strike-solid, yesterday lost that reputation when one man returned.

Militant Yorkshire seems to be starting a drift back to work. Yesterday saw 40 "new faces" returning, bringing the working total to 139 (from a workforce of 55,000). Of the four Yorkshire areas, South Yorkshire accounts for nearly half (61) of the total.

The first break in Yorkshire happened at Selby, where new development work meant that contract labour, members of the National Union of Mineworkers but only recently so, formed an Achilles heel.

A few individuals "trickled back" in August at Selby and a few other pits. When in October Mr Ken Foulstone and Mr Andy Taylor from South Yorkshire won a court judgment that the strike was unofficial, the back-to-work movement clearly benefited.

The two most solid areas in the country have been, and remain, South Wales and the North-east (Northumberland and Durham). Yesterday, however, 17 men in South Wales crossed picket lines: 15 at Cynheidre, where the men clearly nerved each other to cross the picket lines.

The North-east yesterday reported four more men at work than last week, giving a total of 27, of whom 24 reported to Wearmouth Colliery. The area – at one time a bastion of the right – has a strong union loyalist tradition, which until recently has been proof against defections. Even now, the return rate is very low and most pits have no miners at work.

That varied regional picture makes the national figures difficult to assess. Overall, about 40,000 miners are at work and 140,000 on strike. It is, of course, a relatively large return to work on a single day: in North Derbyshire the return-to-work movement appears to have some real, independent momentum, as it does in the Western area.

Mr Peter Walker, the Energy Secretary, the NCB and working miners' leaders yesterday agreed that the tide was now flowing strongly in favour of a return to work. Mr John Blessington, the National Working Miners' Committee secretary, said: "You have only seen the beginning. The numbers of striking miners returning to work will start to escalate now."

At the same time, however, the movement has to be seen against a nationwide publicity drive by the NCB to persuade miners to return to work – backed by promises of payments of up to £1,400 tax-free at Christmas.

Death of Sir William Duncan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIR WILLIAM DUNCAN, chairman and chief executive of Rolls-Royce, the state-owned aero-engine manufacturer died yesterday. He was 63.

He was in the midst of a re-organisation of the company, bringing it from losses to profit. Earlier this year Sir William had forecast that the present year's financial performance would show a substantial improvement, although still falling short of net profits.

Only last week, he announced a reshuffle of top management, in which Mr Ralph Robins, former director of the civil engines division, would become managing director of business operations from December 1, effectively "number two" in the company. Mr Robins is expected to stand in as chief executive while a successor to Sir William is found.

Sir William joined Rolls-Royce last year from ICI where he had been a deputy chairman. He had been with ICI since he left school in 1941, joining as a student apprentice.

He worked his way through the group in positions such as plant engineer, workshops manager, group engineer, and a director and general manager, before becoming chairman and chief executive of ICI Americas in 1969. He became a main board director of ICI in 1971, and a deputy chairman in 1977.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Why Luciano Soprani has designs on his own destiny

Alan Friedman explains an aspiring Italian entrepreneur's pursuit of his own name

"I AM feeling very restless today," says Luciano Soprani, pacing about his elegant office in the heart of Milan's fashion district. The 38-year-old designer, who is one of Italy's fastest rising fashion stars, threw open the windows and sat down to light the first of many Marlboros he would smoke in the course of an hour.

Soprani, the son of a wealthy landowner in the Emilia Romagna region of Northern Central Italy, is a small businessman with reasons to be both proud and nervous.

On the one hand sales of his men's and women's fashion lines have jumped to an annual turnover of L28bn ($15m). Boutiques bearing his name—but not owned by him—are scheduled to open in Tokyo, New York, Dallas and Beverly Hills. The new Milan boutiques, which opened in September, sold out three months of stock worth L200m ($106,000) in its first week.

But the ethereal Soprani ("I don't like finance") admits that he has problems: his staff of four executives and 12 clerical assistants is insufficient and he needs a marketing director. His lack of control over distribution and marketing is worrying and his reliance upon one major clothing manufacturer for much of his production needs to be reduced. He needs to earn more than just consulting fees and royalties on the sale of his lines.

Soprani was originally meant to be a farmer. His parents, who are in the dairy farming business, sent him to agricultural school in the hopes that he would take over the family holdings. "They have only just forgiven me for abandoning my heritage," explains a smiling Soprani, only half-joking.

At the age of 20 he decided that he preferred to design clothing and worked for 10 years as an assistant designer not far from his birthplace. Then, in 1976, as the Italian fashions of Versace, Krizia, Armani and others were undergoing a period of acceptance internationally, he came to Milan.

Until 1980 Soprani designed for others, for Basile, Helyett and lesser names. He also designed for Gucci. Then, following in the footsteps of his elders in Milanese fashion, he decided to launch his own line in the Spring of 1980. Production was and is contracted to Basile, which has Soprani on contract until 1986. Soprani's royalties on sales of his lines amount to only around 10 per cent.

His first women's collection in 1980 produced L3bn ($1.6m) of sales to American and other foreign buyers. This was a respectable showing for a man who employed only two assistants at the time and worked from a studio in his apartment.

The Soprani line was started with an investment of L750m which came from Soprani's partner, Dilio Ortigoza, a Venezuelan. As Soprani puts it: "If you have a good partner you don't need to think about finance."

Now, Soprani has a steadily growing reputation, two sets of offices in central Milan and a boutique which sells his lines retail, four collections a year (two women's and two men's) and plans for ambitious expansion. The problem is his apparent lack of a firm grip on the management of his activities.

This year Soprani's turnover from women's lines will be around Lire 20bn. His men's collection of classically tailored English-style clothes should bring in nearly Lire 3bn of sales. Accessories (ties, hats, umbrellas) will account for a further Lire 5bn of turnover. There are plans for Soprani sunglasses, perfumes and even furniture coverings.

Kashiyama, the Japanese trading group, opened the Milan boutique under the Soprani name, largely because the company wants to import Soprani lines into Japan and open a Tokyo boutique next year. Soprani says Kashiyama will probably purchase around $1m of his fashions next year for the Japanese market.

Likewise, an American investor is financing boutiques in the States, which Soprani says will open in Beverly Hills next February, in Dallas next summer and in New York in early 1986. But at present Soprani does not own the boutiques and gets only 10 per cent royalty on sales by the manufacturer, Basile.

The value of the shops lies in promoting the Soprani name around the world. They are not franchised: Soprani is paid nothing for the use of his name.

This year the net profit of Soprani's business is likely to be around L700m ($372,000). This is after deducting costs and taxes from the L5bn expected from royalties and consultancy fees in respect of his work for other designers. Overheads are budgeted at L1.6bn and advertising/publicity will cost L1.2bn. Soprani says he pays 50 per cent in taxes, which is high for Italy.

The young designer says he knows he must wrest control of distribution and production away from Basile. "As soon as the contract with Basile runs out I will change things," he declares. He has no plans actually to operate a factory — instead he reckons more production can be given over to pieceworkers.

Soprani says he has no net indebtedness, but points out that his company's cash balance of around Lire 800m (equal to around one year's net income) tends to be dipped into quite frequently for operating expences.

Turning from finance to clothes, a glow comes over his face. "My clothes are not just to be worn at parties or balls. They are for the modern woman."

But the "modern woman" who buys Soprani fashion can pay up to $3,000 for an evening gown or $200 for a blouse. The prices are "outrageously expensive." says Soprani with a devilish grin. But there is no lack of customers.

If only Luciano Soprani could take more control of his spreading interests—which will take time—then he could lay claim to a larger part of Soprani receipts.

Luciano Soprani: "I don't like finance"

The necessary discipline of setting money aside

The HOW TO of... WAGES AND TAXES

THERE IS one golden rule when it comes to wages and taxes: play the game straight. Pay As You Earn (PAYE) and National Insuance must be operated by limited companies for employees earning more than £33.99 a week or £147.32 a month.

By law an employer must make these deductions and pay them over to the Inland Revenue within 14 days of the end of the month. There are heavy penalties for non-compliance. However tight a business's cash flow, beware of using this money in the business in the hope of having enough when the time comes—it belongs to the Government, not the company.

Work out how much must be set aside and, ideally, place it on deposit to earn a little interest. Much work can be saved long term by persuading employees to be paid by monthly salary cheque.

Companies have been known to negotiate with the *Inland Revenue to delay payment.* Sometimes a local enterprise agency may have helped such firms to do it. These are exceptions: any company sailing so close to the wind must be in trouble anyway and should be taking urgent advice from its accountant and bank manager.

Standard forms are available from the Inland Revenue which provide tax tables, and help to calculate the amount to be deducted. If preferred, a wages record system can be bought instead, such as those marketed by Simplex or Kalamazoo. Remember, in addition to these deductions an employer's own National Insurance contributions must be added. As with Value Added Tax and PAYE, payments are something of a chore but are probably the most persistent and recurring legal obligation faced by a small business. A wages slip, showing deductions, is also legally required.

Because more than 40 per cent of any employee's gross wages have to be paid in tax and National Insurance many employees are disinclined to work overtime because they feel "it's not worth my while." Small business owners—because of the more close-knit nature of their business—consequently come under more pressure than others from employees to pay any overtime "on the side" and untaxed.

Don't do it: it's illegal and ultimately it is the employer, not the employee, who is responsible for tax that has not been deducted.

Scrupulousness with setting aside adequate funds will ensure than an employer avoids becoming one of the large number of small companies that go bust and whose owners are in the bankruptcy court because the Inland Revenue has forced the issue.

IHF

Wrong structure brings a close shave

BY IAN HAMILTON FAZEY

KEVIN SHAVE says that one of his many mistakes when he set up his own small business was to form a limited company. But at the time he was sure he needed to in case one of his designs went wrong and he faced being sued.

Shave, a mechanical engineer with a talent for electronics, was designing software packages for industrial robots and making the interfaces that enabled them to work. He started Shave Electronics in 1980 with £5,000 from his father to buy an oscilloscope and other necessary equipment.

Now, he realises that he should have set up as a self-employed sole trader and taken out public liability insurance. That way he would not have fallen into what he calls the "tax and National Insurance trap."

"For to pay himself realistically — and that was only £5,000 a year — he had to make much more just to meet his legal PAYE obligations and National Insurance contributions. But had he been self-employed, his turnover was so low he would not have been paying tax at all by the time his running costs and personal allowances had been deducted. Then he might have avoided a crisis in 1983.

On the other hand, that crisis transformed his life, for Shave and his wife Lynda are now partners in a thriving business, Microman Computers, of Rainford, St Helens. They are doing well enough not to mind talking about past mistakes.

Another mistake was in the choice of accountant, a family friend who had once uncovered a clever fraud in a large company. But while he was a highly experienced retired auditor he was not used to small business. Their present accountant, who is, soon spotted why Shave Electronics was doomed to fail.

The basic problem was fixed-price contracts in a highly unpredictable high technology field. Shave tried to build flexibility into his estimates but always found himself having to accept what he could get for the work—he had an overdraft and needed any money there was.

Decline was not for want of hard work. Shave wasted no time but slippage occurred in schedules because plant or people—always someone else's employees—would not be ready at factories when he arrived.

He also suffered because his customers' specifications were never tight enough to cover the inevitable and unforeseeable "bugs" that afflict even simple microprocessor applications when they reach the factory floor.

The crunch came when he decided to stop paying himself out of revenue, dipping into £5,000-worth of savings in order to live.

His Barclays bank manager spotted what was happening and suggested a chat. If savings were wiped out, how did Shave plan to guarantee his company's overdraft?

The Shaves went to see the St Helens Trust, the first enterprise agency in Britain and a model for the hundreds that have since followed. They were put in touch with the Government-run Small Firms' Service (SFS).

Free consultancy taught them a technique well-known to large companies but equally applicable to any size of business. It consists of taking a "present position audit" of strengths and weaknesses in markets, management, and corporate and financial structure.

This highlighted the impossibility of making money out of robot control systems, however much Shave preferred the work to a potential bread-and-butter market he had hardly tapped—repairs to electronic boards and circuits.

A mailshot soon brought in more repair work "but there were some horrible jobs," Shave says. So even though added value was high he started looking for more interesting things to repair. The exploding market in personal microcomputers and small business machines was soon staring him in the face.

Shave was, however, cautious. Some service companies had already failed.

He thought further about his own strengths, especially a knowledge of small machine computing that had led him to run night school classes in the subject. Why not sell them too, concentrating on the small business and serious home markets, and catering particularly for people wanting to build on powerful but moderately priced micros such as the Acorn BBC B? With this machine standard in schools, there was also a good service market there too.

It took only six weeks to get the Microman Computers venture up and running. The SFS helped the Shaves to form a partnership with Lynda in charge of book-keeping and administration. Working capital came from a Barclays overdraft facility, secured on their house.

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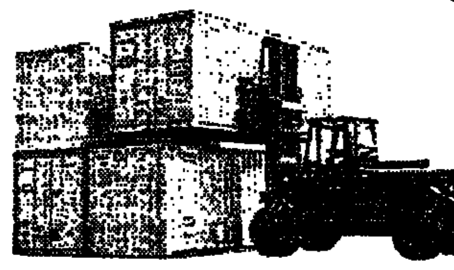

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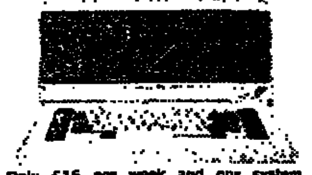

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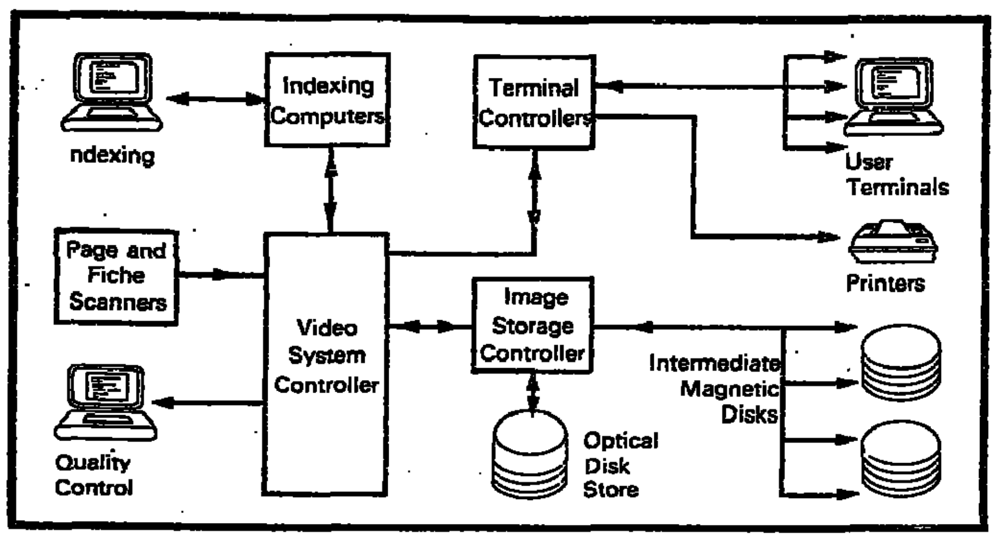
TECHNOLOGY

EDITED BY ALAN CANE

U.S. LIBRARY OF CONGRESS PILOT PLAN TO STORE 1m PAGES

A little light reading may fit the bill

BY GEOFFREY CHARLISH



THE U.S. Library of Congress, which has the world's largest collection of stored knowledge is conducting a pilot project in which up to 1m pages of text will be kept on optical disks for immediate access by users on high definition TV screens.

With over 80m items, the library has a gigantic archival/access problem—a significant number of the documents are in an advanced state of deterioration. Much of the material added to the library each year (it is growing at 10 items per minute) is printed on acidic paper, the fibres of which will rot within 25 to 100 years.

So the library has turned to optical disks for the digital facsimile storage of text material, to give indefinite archival life. It argues that whatever the life of the disks themselves—and this is not clear at the moment—deterioration can always be monitored, with re-recording on fresh disks as necessary.

In digital optical recording, documents are scanned and the black/white or grey scale levels are given digital codes. These are simply very rapid on-off signals and they are recorded by a laser beam acting on the surface of the disc to produce microscopic digital "pits" on the surface. A second laser reads the pits and playback electronics reconstitutes the images.

Integrated Automation of Berkeley, California, has supplied the text system to the library. The company was quick off the market in 1982 to develop equipment using the new Thomson-CSF digital optical disc. Sony video disc units are being used on a similar basis for the analogue recording of pictorial materials.

In contrast with microfilm, optical disks offer very high density storage. A typical 10.5 x 8 in book page occupies 54,000 square millimetres. Reduced on to 35 mm film, 98 frame fiche and optical disk, the respective figures are 150, 70 and about 5 sq mm. A single-sided 12 in digital optical disk can hold between 10,000 and 20,000 pages of text, depending on the resolution needed. Space requirements will be minimised—important to the library, which does not expect to be allocated any more building space on Capitol Hill.

Access speed will be greatly increased. At the moment a user has to go to one of four different reading rooms, fill up a form and wait up to two hours. If the material is already in use, no other library user can access it. The new system will screen the required material in a few seconds, to as many people as necessary.

At the heart of the Integrated Automation system is a "jukebox" disc storage unit from which any one of 100 disks can be rapidly extracted and played back. To free the optical disk for other users, the requested data is put on to magnetic discs which then become the working store for the user, who can access pages on his screen.

High use current periodicals are being given initial emphasis in the pilot period. Using a production line approach, some 0.5m images a year can be captured. A page scanner is used that can deal manually or automatically with pages up to 14 x 11 in in size at a resolution of 300 lines per inch. (A standard European television picture uses only 625 lines to cover the whole 14 to 18 in height of the picture). The unit can also scan 98-frame microfiche.

Before recording on the optical disc, the images are held on intermediate magnetic discs for examination on quality control video workstations.

The pages are indexed at screen and keyboard preparation stations which send data to IBM and Data General computers; these are responsible for holding index information, coding the optical discs, and activating retrieval hardware.

Users work from high resolution (200 lines per inch) display terminals. When a request is keyed in, the computers process it and tie it to the image coded on the disk, after which instructions are transmitted for the appropriate optical disk to be extracted and the required images played back. The image data then goes to the local frame store in the user terminal.

Retrieval and display of any stored image is achieved in one to 10 seconds. Workstation users can make copies of documents on high resolution laser printers

Integrated Automation (represented in the UK by Data Logic, London), has won contracts with several other organisations for optical disk-based systems. They include the French Government (journal articles in selected technologies), the Kuwait Government (1.5m documents on line), and the steam turbine division of U.S. General Electric Company.

OPTRONICS DEVELOPS A METHOD TO PHOTOCOPY WITHOUT DAMAGE

How to copy old manuscripts

OPTRONICS IN Cambridge has solved a problem of copying pages from old manuscripts and books without damage. Traditional photocopying may damage old books—ultraviolet light used in this process can destroy paper and fade ink while pressing a book against a flat plate can bend or break its spine.

In collaboration with the British Library, Optronics has developed an image digitiser which can scan each page electronically. The book is placed in a V-shaped holder which ensures that the spine of the publication is not bent.

The scanning head is an array of charged coupled devices—electronics components which can convert images into a series of digital pulses. It can take only eight to 10 seconds to scan a page.

The electronic signal can be fed to a plotter which will produce a copy of the original page.

As well as its applications in libraries, Optronics believes that the image digitiser could find application in the office for information and retrieval systems.

Data, words; now software to process ideas

SOFTWARE authors are driven these days by two ambitions, one technical, the other commercial.

Technically, they are looking for ways to develop the next generation of personal computer programs, software that processes ideas rather than numbers or words.

Commercially, they are hoping their efforts will prove as financially rewarding as Visi-Usi Corporation found "Visicalc" or Lotus Development found "1-2-3."

Michael and Jeanette Bloor of Phoebe Software believe they have realised the first ambition; if they are right, they should have no difficulty realising the second.

They have developed a program called "Progress," designed to automate working habits and procedures. The notion is not new; it has elements in common with Caxton's "Brainstorm," Software Sciences office group automation system and Xerox's screen icons. But Phoebe has put it all together to create a powerful and novel package selling for only £500 (single user micro) or £1,000 (multiuser system, unlimited numbers of terminals).

The Bloors are computer specialists now resident in Ireland and with a background in financial and business consultancy. The seeds of "Progress" were sown in their observation that one of their clients, a medical supplies manufacturer, had to generate 102 pieces of paper completed by 250 different people for its simplest product, a sterile polythene bag.

If the manufacturing sequence was delayed — a critical point this, where medical regulations is concerned, up to 30 new pieces of paper had to join the pile.

So Phoebe started what was to be a three-year hunt for a computer-based answer. Michael Bloor says ruefully: "Everybody knew what the problem was. The reason an answer did not exist was because it was so bloody difficult."

Now with grants from 31 (ICFC), the Development Capital Corporation and the Irish Government totalling some £400,000, Phoebe is ready to launch Progress at the Compec computer exhibition next week.

Professional Personal Computing

It has some clever programming tricks built in on which the Bloors will not elaborate, but basically the program operates on the thesis that there are set procedures in most businesses and that no progress is made unless individuals carry out these processes in the right sequence.

The example Phoebe uses is personnel recruitment. The disc is inserted into the computer and "booted up" (loaded into computer memory). The top of the screen shows icons of filing trays, documents, blank forms and so forth.

Using the cursor, the user selects, say, a form marked plan. (Phoebe is talking to ACT about voice activation, Hewlett Packard about touch screens and Apple about mice, but Michael Bloor prefers the simple, low-cost approach; he insists the program has to work on a 64Kb computer with a low-resolution screen.)

The user then draws up the plan of action—a job specification has to be written, advertisements designed, agencies informed. Only after responses from advertisements and agencies have been received can a short list of potential candidates be drawn up—and so on.

Once the complete operation sequence has been "modelled" in the computer, it can be stored away until needed.

Once activated to fill a vacancy, it inexorably works through its allotted sequence of events. The personel officer, for example, will turn on his screen to find that he is required to draw up a job specification for the vacancy. The program will not move forward until that chore is accomplished and the results stored away.

Mr Bloor believes the program can be tuned to fit other office and industrial routines. He has not, however, managed to get rid of all those pieces of paper for his medical supplies client.

The medical authorities have agreed to the use of Progress in the factory — as long as somewhere, every bit of information held in the system is printed out as hard copy and stored away for six years.

Progress runs on microcomputers using the CP/M 86, Concurrent CP/M, MS/DOS and PC/DOS operating systems and will soon be available for CP/M 80 micros together with some minis and mainframes.

ALAN CANE

Banking

Wordwide networks

INTERNET Systems Corporation has introduced a real-time, worldwide computer and telecommunications system for international banks.

The company says that it is the only system which can operate in real-time for 24 hours a day. Deutsche Bank has already adopted the system to carry out many banking transactions.

Internet can run 14 applications initially which the company says can be expanded. The software runs on Tandem computers. These machines are fault tolerant computers which means that they can continue operating even if part of the system fail. Initially the company is concentrating its marketing efforts on the larger banks.

Office

Copiers

RANK Xerox has launched its 1030 colour copier which can produce four different colours. The copier has an interchangeable colour toner system which is used by Rank Xerox for the first time in its machines. It is a desk top unit which can produce high quality documents up to A3 size. More details from the company on 0395 51133.

Why companies buy microcomputers

WHY DO companies buy personal computers? Chiefly to facilitate the introduction of new applications, according to a just-published market analysis.*

The study shows that almost one out of every two respondents to a survey of over 100 UK companies with at least one IBM Personal Computer used their machines to automate tasks previously done manually—stock control, payroll and book-keeping came into this category.

Larger companies, on the other hand, are attracted by the availability of specific software packages such as word processing and spreadsheets which are not accessible on the company's mainframe system.

After new applications, companies were chiefly concerned to improve the speed of work, whether this meant the automation of manual tasks in small companies or the elimination of the well known delays in getting access to the mainframe in large corporations.

Then came the need for autonomy at the workstation—in other words, getting away from dependence on the mainframe. Typical comments included: "We are fed up with the mainframe; it is time consuming and is never available when required."

One third of the respondents suggested they had bought personal computers to improve the quality of work. This was especially important in the small company, for which the purchase of a PC often represents a first step into computerisation.

Other but less significant reasons for buying micros included the reduction of costs and improvement of profitability, the low level of training needed and because for a low outlay, they put computing on everybody's desk.

Seven per cent of respondents said they had bought PCs because it was the fashion. One comment, reminiscent of computing in the early 1960s, was: "It is a status symbol."

*The Corporate IBM PC Users in the UK; Intelligence Electronics, 72 Rue de Sevres, 75007 Paris, France.

FT COMMERCIAL LAW REPORTS

Director can sit on commodity appeal board

BREMERHANDELSGESELLSCHAFT mbH v ETS SOULES ET CIE AND ANOTHER
Queen's Bench Division (Commercial Court): Mr Justice Mustill: October 11 1984

AN ARBITRATOR is not precluded from adjudicating on a Grain and Feed Trade Association (Gafta) appeal arising out of the 1973 U.S. embargo on soyabean exports on the ground only that his employer's parent company is a potential party to a similar arbitration, or that he adjudicated on, or appeared in, an earlier dispute arising out of the same circumstances.

Mr Justice Mustill so held when refusing an application by Bremerhandelsgesellschaft mbH for an order removing Mr Anthony G. Scott from his position as member of a board of appeal of Gafta in an appeal from an arbitration award made against it in favour of ETS Soules et Cie.

* * *

MR JUSTICE MUSTILL said that in November 1972 Bremerhandels sold U.S. soyabean meal to Soules, to be shipped monthly between April and September 1973.

During June 1973 serious flooding took place in the Mississippi Basin which greatly disrupted the supply of soyabean meal. Towards the end of June an embargo was placed on exportation. It was removed on October 1 1973.

The embargo led to many claims for damages. Hundreds of arbitrations had been held. Many had been the subject of awards by Gafta boards of appeal, which were comprised of shippers, brokers and intermediaries, receivers, dealers and manufacturers.

Since the number of people with the qualifications and time to sit as arbitrators was limited, several had sat in dozens of arbitrations at first-tier and appellate level.

Bremerhandels failed to make full delivery under its contract and was ordered in arbitration proceedings to pay Soules $65,129. It gave notice of appeal, and a board of appeal was constituted in accordance with Gafta rules. Mr Scott, who was a member of that board, was director of a wholly owned subsidiary of André et Cie of Lausanne, one of the largest commodity houses in the world.

It was commonplace in the commodity market for the same parcel of goods to be sold and resold a number of times, establishing a string of consecutive contracts, with the same commodity house appearing more *than once in the series of dealings.*

*

In the present application Bremerhandels sought to remove Mr Scott on the ground that he was "not in a position to act judicially and without bias" and was accordingly "guilty of misconduct." It said it had reason to believe that in unfulfilled transactions in June 1973 and other relevant months, André was primarily in the position of buyer *and there was a risk that* Mr Scott would lean towards a finding favourable to buyers.

There were three material situations in which the High Court had power to remove an arbitrator for "misconduct" under section 23 of the Arbitration Act 1950, namely: (1) where he suffered from "actual bias;" (2) where his relationship with the parties or subject matter created an evident risk of partiality ("imputed bias"); and (3) where his conduct showed lack of talent, experience or diligence.

In the present case the allegation of misconduct was of the second kind.

*

When considering imputed bias, the court did not enter into the existence of actual bias. The test was whether there were grounds on which a reasonable man would think that the arbitrator could not or would not fairly determine the issue.

Although the reasonable man was not to be credited with inside knowledge in the sense of being privy to the arbitrator's real characteristics which were not at the time available to him, nevertheless the matter was not to be judged by the standards of the complee outsider. The reasonable man was to be put in the position of the complainant, having ascribed to him all the complainant's knowledge and experience of the trade, and the manner in which disputes were habitually resolved.

The manner in which the court applied the rule that inside knowledge was not to be taken into account must vary from case to case, and in particular, must depend on whether the risk to be assessed related to the possibility that the proceedings had already been tainted with injustice or that injustice would arise in the future.

When adjudicating on the apparent fairness of a completed procedure, the court would not consider evidence vindicating the arbitrator by *showing that whatever outward* experiences might have been, the true facts were innocuous. Apparent fairness must be judged in the light of the facts as they would have appeared to the reasonable man at the time when they mattered, ie when the procedure was in progress.

But if the matter came before the court when the arbitrator had yet to adjudicate, the facts emerging formed part of the corpus of knowledge in the light of which the reasonable man would judge the risk.

Was there a real risk that unconsciously Mr Scott, influenced by a desire to favour André, would fail to assess the evidence on its merits in the hope that a future board, on which he would not be sitting, might be influenced in a dispute involving Andre?

The reasonable man would not apprehend such a risk. Nor would he foresee a risk that Mr Scott would be consciously activated to do any such thing.

If there had been a significant pattern in the outcome of previous arbitrations, with sellers tending to lose when Mr Scott was sitting and to win when he was not, then his voting record might cast a shadow on his impartiality. But the opposite was the case. Intermediate sellers of the June position had consistently lost whoever was sitting, because they failed to satisfy a test laid down by the courts.

There was no reason why, at this late stage, with so many cases decided or settled, that Mr Scott should suddenly be struck with bias for a motive which would be speculative in the extreme.

*

Bremerhandels advanced an alternative proposition, that a person involved in a dispute arising from a particular situation should not act as arbitrator in another dispute connected with the same situation.

On that basis all persons whose firms or companies had positions in U.S. soyabean meal between June and September 1973 would be disqualified from acting as Gafta arbitrators in respect of any dispute arising out of contracts for those months.

If the proposition were correct, scores of awards would now be tainted by misconduct, and it would be hard to man the arbitral tribunals needed to dispose of all the outstanding disputes.

That would not be a material consideration if there were any apparent unfairness, because then the interests of justice would demand Mr Scott's removal however inconventient that might be for Gafta and the parties.

But the argument was rejected. The man in the street would have no prior opinions about Gafta, but the parties had not contracted for the man in the street. They wanted the man in the trade as their arbitrator precisely because his mind was not a blank slate. A prior commitment to a point of view on one set of evidence and arguments could not in itself be fatal to future ponticipation as arbitrator, for otherwise nobody who had ever acted in a 1973 soyabean meal dispute could sit again on a similar dispute.

An arbitrator was required to look at each case afresh. There was no reason to assume that Gafta arbitrators in general, and Mr Scott in patriciular, would be incapable of that.

If there were any doubt it would be put to rest by what had happened in the past. The outcome of Gafta artbitrations had been remarkably consistent. There had been none of the erratic results which one would expect if board members were swayed by personal interest and preconceptions, some pro seller, some pro buyer. There was no reasonable ground for apprehension.

*

Bremerhandels also complained that Mr Socit was at fault in sitting as arbitrator having acted as advocate for André before a board of appeal in 1981.

The proposition was that nobody who had acted for his own company should subsequently sit as arbitrator in respect of a dispute connected with the same subject matter. It was said there was a risk that he would become embued with his employer's point of view and would thereafter be incapable of deciding the question judicially.

Why should someone who had argued a point for his employers become more subject to *idées fixés* than if he had already argued the same point for someone else? The hypothetical reasonable man would not apprehend such a risk.

*

The whole of the criticisms against Mr Scott were looked at together in the light of the test of the reasonable man. Bremerhandels totally failed to prove its case. There was nothing to suggest that it had been unfairly treated in the past, nor was there any risk appreciable to the reasonable man that it would be so treated in the future.

The application was dismissed.

For Bremerhandels: Nicholas Legh-Jones (Herbert Oppenheimer, Nathan and Vandyk).

For Soules and Mr Scott: David Grace (Middleton Potts and Co.).

By Rachel Davies
Barrister

THE ARTS

Great Expectations/Manchester

B. A. Young

Great Expectations, at the Royal Exchange, Manchester, gives us all the Dickens bits we usually remember, except Wemmick's Aged P. at the church. The story, shorn of its literary adornment, comes out terribly melodramatic, and is played so. The revelation that Magwitch was Estella's father is as hard to swallow as the last scene of *Measure for Measure*. But the evening is continuously exciting in its way, and there is some colourful playing — Avril Elgar's Miss Havisham, as mouldy as her wedding-cake, Wolfe Morris's Jaggers, the Bar incarnate.

Michael Mueller is a very grown-up young Pip at the blacksmith's, but wears into a more likely person as time goes by. Amanda Donohoe is properly cold and beautiful as Estella, and Art Malik more British than his name suggests as Herbert Pocket.

The adaptation is not credited in the programme, which is a pity. Adapting a long novel into a 3½-hour play is itself a work of creation. It does not matter if such incidentals as the Aged P. are left out, or even if the story is modestly altered (as it so often is in opera). What matters is that the finished product should itself be an independent work, with a coherent story that can be followed and appreciated, even by people who do not know the original, and that no message or moral should be added that is alien to the original.

Here, the directors (all the theatre's artistic directors, plus Greg Hersov) are not faultless. They are too determined to illustrate Dickens' consciousness of children's misery as known in his time. So we open with a fantasy trial of Pip, by masked judge and council, and they appear as stage-hands all through the evening. Magwitch climbs out of a grave for his first entrance, Mrs Joe beats Pip mercilessly with a cane, even friendly Joe (Trevor Cooper) is inclined to voice his remarks in a yell.

Magwitch (Nick Stringer) is later made positively sentimental, a kind of affectionate Alfred Doolittle. His lifelong devotion to unseen Pip is as improbable as Pip's to unresponsive Estella, but this is Dickens' formula, and, if it works better on the page than on the stage, at least it goes towards a tightly-bound plot.

Two small points. One, Cyril Nri, charming though he is, should not be allowed to play all his parts for laughs. The other, a total disapproval of the dance scene, choreographed by Christopher Gable, in which Magwitch, looking like Cecil Rhodes involved in an African *ngoma*, wins his Molly.

Alastair Muir

Valentine Pelka as Percy Bysshe Shelley with Fiona Shaw as his sister Mary in Bloody Poetry which opened last night at the Hampstead Theatre. Howard Brenton's play was enthusiastically reviewed here by Michael Coveney on October 8 when seen at the Leicester Haymarket. It is a phantasmagoric dream play about the artist in exile — from home and respectability—and concentrates on the friendship of Byron (played by James Aubrey) and Shelley in Geneva and Italy. The production from the touring company Foco Novo is directed by Roland Rees and designed by Poppy Mitchell

City Art Gallery and Ikon Gallery, Birmingham/William Packer

The great British art show hits the road

With the opening in Birmingham last week of "The British Art Show," the Arts Council confirmed what had always been its intention, to put into orbit around the country at regular, if necessarily extended, intervals a major survey and review of current British painting and sculpture.

And I must say at once that it was a demonstration to be greeted, on my part at least, with quite as much relief as interest; for I had been responsible five years ago, almost to the week, in an exercise like this that had been two years and more in the preparation, for the very first British Art Show—and who would wish to go down, even in the smallest history of modern British art, as the one who had stifled a most promising baby at birth?

Son of British Art Show indeed. But then how had the infant come on in the meantime? My first relief and natural interest, as I rode into New Street last week, were not unmixed with a certain anxiety and apprehension, as I am sure you can understand; which discomfiture was not altogether eased by the discovery, made on my behalf by an old friend and opposite number on another newspaper, that no more than a dozen or so of my 112 artists of 1979 had made it on to the 80 odd of this present list and he had counted them to make sure. It is one thing for the child to survive, quite another for it to stand up unrecognisable and with eyes, moreover, full of reproach.

But the event proved otherwise, I am delighted to say, and a great reassurance. The world has moved on considerably, of course, in these five years past, our art world with it, and change itself can be no surprise. And the Show, too, has been set about in very different, indeed fundamentally different a manner. I too had been afforded the Arts Council's practical expertise and logistical scope; but where I had been sole judge, arbiter and court of appeal in the process, able to disarm criticism as it were by accepting it as a personal responsibility, here was a jury of three to make the selection, to confer, argue and so to agree upon each particular judgment, ultimately, of course, to take on a joint responsibility to override all private misgiving.

To find common ground enough to put on a show half this size, and time enough to consider 300 artists with each case argued thoroughly, would have been remarkable: to reduce 1,000 artists to 80, and yet sustain so coherent and intelligent an exhibition as this, is a substantial and admirable achievement, and Marjorie Allthorpe-Guyton, Alexander Moffat and Jon Thompson are indeed to be congratulated.

That they should also wish to establish personal positions by their introductory contributions to the catalogue is hardly surprising; and the exhibition itself is set out in categories and sub-divisions to give at least the appearance of a policy. But such devices do nothing more than confirm the obvious truth, that art taken as a generality is as rich and various, as contrary and experimental, as direct and physical, cerebral and allusive as it ever was. The sub-title, "Old Allegiances and New Directions" as really the only gloss we need, and for the rest the exhibition is the creature of the hang, as every exhibition must be, that focusses and disposes the visitor's attention, and determines his experience of the work.

No matter how well we prepare ourselves, it is not by what we read but by what we know of the work directly through our eyes that is its true experience, which is a necessary admonition to the visitor to the "British Art Show" to take the very greatest care in looking, for the hang in Birmingham (until December 22), as it is likely to be elsewhere (Edinburgh, Sheffield, Southampton), is far from ideal but, like the curate's egg, the best that can be contrived in the circumstances.

Parts are indeed excellent, memorable, even beautiful, and as for the parts that are awkward and unfair (the Rotunda in the City Art Gallery is the villain here), we must remember that this is a mixed and touring show, split here between two venues which can never be satisfactory, and with all such it was ever a case, if you will forgive me, of *autres temps, autres murs*, the show reconstituting, reconsidering, renewing itself at each stop.

The major portion is at the City Art Gallery, but the "British Art Show" really begins a short walk away, at the admirable Ikon Gallery in John Bright Street behind the Station. This gallery is a civic asset of the highest quality, if only the citizens and burghers of Birmingham had the wit to see it, enjoying a national reputation for the shows and projects it initiates, and for the work it brings into the city from the world at large, responsibly administered by its extremely talented young staff.

The Arts Council, however, has lately halved its support grant in the fond hope that the City will rally round, but the City wrings its hands and asks what it can do. For the want of some £50,000 a year the Ikon may close, and yet a better bet for worthwhile local sponsorship of the arts by local business and the City itself would be very hard to find.

It was the Ikon that gave me that first reassurance, for it is what is on show there, most particularly the display on the entrance floor, that establishes the link, unconsciously I have no doubt, with my own choice of five years ago. No exhibition of this kind can ever be definitive, for every 80 names will suggest 80 more, but it can hope to be representative.

Basil Beattie, Gillian Ayres, Terry Setch and Bruce MacLean command the gallery with magnificent paintings: not one of them was in my show, and I could not imagine leaving them out now, Gillian Ayres especially, whose dense surfaces have taken on a more light and open space and atmosphere that perhaps reflect her removal to the remote countryside. But knowing and admiring their work then, I chose others, which must be the way of the thing, and so round the corner to Auerbach and Kitaj, whom I left out and Kossoff, McComb and Hodgkin, whom I put in.

Such was my experience of "The British Art Show" as I continued round it, the palpable sense that whatever the differences might have been in detail, I too this second time would have found myself covering this ground. A younger generation has declared itself, which was in the art schools then and must be acknowledged now, the newer figurative expressionism in painting, romantic — Thérèse Oulton, symbolic—Adrian Wiszniewski satirical — Jock McFadyen, monumental — Stephen Campbell; and in sculpture a new school of symbolists and surrealists—Alison Wilding, Bill Woodrow, Antony Gormley, Tony Cragg.

The show is not about the last word, the latest thing, but rather about new art across that broader front, on which an artist can continue a career of development and renewal, whatever his preoccupation or critical allegiance. And if abstraction has been left rather to the older generations, it also supplies some of the show's purest, most hedonistic pleasures amidst the bustle and excitement all around, the magisterial simplicity of Alan Charlton, for example, and John Carter's cool, bright, elegantly resolved relief.

But it is the exquisite installation of Bob Law's gnomic pieces, simple, small, infinitely ambiguous, that will offer me my lasting memory of the second British Art Show, as I saw it in Birmingham.

Stephen Campbell's "The Building Accuses the Architect of Bad Design" (top) and Adrian Wiszniewski's "My Jewish Brother"

Chilingirian Quartet

Dominic Gill

"One of the great string quartets of our day," which The Boston Globe judged the Chilingirian to be last year, is pitching it a bit high. The Chilingirian are a serious and competent ensemble notable by and large for performances of unexceptional quality. Their recital on Sunday afternoon in the Elizabeth Hall—the second in a series of three programmes of Mozart, Bartok and Schubert—opened with Mozart's D major K499, and ended with Schubert's G major D887.

The Mozart was fluent; the technical grip on the notes was secure; the intonation was good—indeed throughout the recital noticeably better than it has been in recent years. It was only, interpretatively speaking, almost entirely uneventful: page after movement of bland and genial Mozart, smoothed of all provocation, and with barely a moment's sudden, surprising focus.

The Chilingirian's blandness has a lot to do with rhythm. In their playing the basic rhythmic cells, as well as the broader rhythmic counterpoint, rarely have sharp edges. The ensemble is precise enough, but the rhythm of the ensemble is blunt. Rhythmic nuance and variety are not devices the Chilingirian use often for expressive effect. This lack of rhythmic clarity and tension gave their account of Bartok's sixth quartet a curiously relaxed and homespun air. Rhythms were switched on, worked out until the end of a phrase or page, then switched off and replaced. Their Burletta revealed no glint of humour: odd, two-dimensional reading. They delivered the *senza colore* passages in the final *mesto* very beautifully — one wished only that their response had been more colourful elsewhere.

David Starobin/Wigmore Hall

Andrew Clements

David Starobin is a young New York guitarist intent on bringing his instrument face to face with contemporary music. Already he has more than 125 new works dedicated to him, and his recital at the Wigmore Hall on Sunday presented a sample of those, including the first performance of a piece by Milton Babbitt.

The programme encompassed a wide range of styles, but despite the confidence with which Mr Starobin addressed himself to all of them, I am not persuaded he made a convincing case for the solo guitar as a regular vehicle for contemporary composers. The sheer technical accuracy and unremittingly incisive tone of his playing perhaps emphasised the abstract arguments of all the pieces rather than their colouristic qualities; indeed a programme containing both Elliott Carter and Babbitt would necessarily contain some nuggetty writing. But only two of the works—Barbara Kolb's wispy Three Lullabies and John Anthony Lennon's *Another Fandango*—attempted to evoke a wider variety of nuance and then only with limited success.

Yet musical rewards were there to be found. In Bayan Northcott's *Fantasia* for guitar, written in 1982 for the English guitarist David Harvey and modelled after the fantasia schemes of Mozart and Beethoven, the technical difficulties sometimes threatened to obscure what is a lucid, elegantly proportioned scheme. Carter's *Changes*, commissioned by Starobin last year, scales down the constantly changing moods of a major work like the piano *Night Fantasies* to produce a tight, pithy study. Babbitt's *Composition for Guitar* was yet more densely argued, and despite a repeat performance failed to make a coherent impression on this listener at least, though it was delivered with most impressive assurance.

The GLC announces new plans for the Hayward Gallery

The Greater London Council announced their plans for the Hayward Gallery on the South Bank yesterday. Their spokesman, Mr Peter Pitt, chairman of the GLC's Arts and Recreation Committee, said that there were no legal problems concerning the takeover of the lease from the Arts Council in April 1985.

The Arts Council programme of major exhibitions looks likely to continue but there is a major £1m scheme for the restyling and up-grading of the gallery.

A new foyer will be built and a link made between the gallery and the Royal Festival Hall. The bookshop will be improved and a computer-linked Arts Archive will be established. A new Director and a staff of curators will be recruited as soon as possible.

The GLC plans to have more regional and non-European and non-American exhibitions. Complaining that of 128 "One person exhibitions" only three had been devoted to living women artists, the Council has plans to correct the "gender balance."

The Hayward will be open at all times and there will be more, as yet undefined, educational services. In the last year the GLC has spent £208,000 on art galleries in the London area. The Arts Council said that they would examine these proposals with interest.

A GLC spokesman said that the problem with the Hayward has been the long closure periods necessary for the mounting and dismantling of major exhibitions. The new staffing plans will speed up this process and enable several weeks of new GLC selected art shows to be installed.

'Phantom of the Opera'

Andrew Lloyd Webber and Cameron Mackintosh will present a new musical *"The Phantom of the Opera"* in the West End in 1985.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Nov 2–8

Opera and Ballet

PARIS

Ballet Evenings at the Paris Opéra: Shostakovitch's First Storm, a creation by Lucinda Childs, the American choreographer who has already worked with the Paris Opera Research Group, with Elisabeth Platel, Jean Guizerix, Yannick Stephane and Olivier Patey, to be followed by Stravinsky's Sacre du Printemps in Maurice Bejart's version stripped of all artifice and Picturesqueness, with Cyril Atanassoff/Jean-Pierre Franchetti/Jean Guizerix and Françoise Legrée/Elisabeth Platel. The evening ends with Serge Lifar's Icare in Picasso's decor and costumes, a ballet accompanied only by percussion, leaving human bodies to express the melody, with Patrick Dupond/Charles Jude/Jean-Yves Lormeau as Icare. Palais Garnier, Evenings and a matinee. (742.57.50).

WEST GERMANY

Frankfurt, Opera: Capriccio, given for the last time, has Helena Doese and Roland Hermann in the leading roles. It is conducted by Ralf Weikert. Premiering this week is Der Zigeunerbaron, produced by Jürgen Tamchina. The cast includes Eliane Coelho, Susan Roberts and Valentin Jaar. (25 621).

Stuttgart, Württembergische Staatstheater: After 14 months of restoration, the opera house reopens this week with a premiere of Don Giovanni, produced by Göran Järvefelts. In the main parts are Yasuko Kozaki, Inga Nielsen and Helmut Berger-Tuna. Die Lustigen Weiber von Windsor is of respectable standard with Regina Marheineke, Elke Estlinbaum and Helmut Holzapfel. (20 321).

Munich, Bayerische Staatsoper: Don Pasquale features Julie Kaufmann and Rolando Panerai. Carmen convinces, thanks to Stefania Toczyska in the title role and Vladimir Atlantov as Don Jose. Otello is perfectly cast with Julia Varady, Vladimir Atlantov and Garbis Boyagian. This week's highlight is Francesco Cilea's rarely-played Adriana Lecouvreur with outstanding Margaret Price, Hanna Schwarz and Giacomo Aragall. (21 851).

Hamburg, Staatsoper: Der Troubadour is steered to triump by Natalia Troitskaya, as Leonora. Der Fliegende Holländer, a Wieland Wagner production, brings together Franz Ferdinand Nentwig in the title role and Sophia Larson as Senta. Ghena Dimitrova does justice to the title role in Turandot. (351 151).

LONDON

Royal Opera House, Covent Garden: Carmen, a decade-old production now beginning to show its age, introduces to London the title-role performance of Teresa Berganza (of whom the same might be said); José Carreras, Valerie Masterson and Giorgio Zancanaro are the other principals, and Jacques Delacôte conducts. Also Boris Godunov. (240 1066).

ITALY

Trieste: Teatro Verdi: Saint-Saen's Samson et Dalila sung by Carol Cossutta and Maria Luisa Nave (Thur). (63 1948).

Venice: Gran Teatro la Fenice: The Ballet company of the Arena di Verona dancing to music by Frank Zappa and Pink Floyd. (Tue).

NEW YORK

Metropolitan Opera (Opera House): The week includes the first seasonal performance of Il Barbiere di Siviglia conducted by Silvio Varviso with mezzo Julia Hamari and baritone Leo Nucci; Manon Lescaut conducted by Nello Santi; La Boheme in the local conducting premiere of Placido Domingo, as well as Jean-Pierre Ponnelle's new production of La Clemenza di Tito conducted by James Levine and starring Renata Scotto, Tatiana Troyanos and Kenneth Riegel. Lincoln Center (362 6000).

New York City Opera (New York State Theater): The week features the premiere of Philip Glass's opera Akhnaten directed by David Freeman and conducted by Christopher Keene, with mezzo Marta Senn and tenor Christopher Robson; Frank Corsaro's production of La Traviata conducted by Klaus Weise; Lakme with soprano Gianna Rolandi, mezzo-soprano Susanne Marsee and tenor Barry McCauley as directed by Fabrizio Melano and conducted by Imre Pallo; The Magic Flute; and Cavalleria Rusticana/Pagliacci. Lincoln Center (870 5570).

WASHINGTON

Washington Opera (Opera House): The season opens with Gian Carlo Menotti's 1982 production of La Boheme conducted by John Mauceri with Sheri Greenawald as Mimi and Jerry Hadley as Rodolfo, along with a new production of The Merry Widow with Mary Jane Johnson in the title role and the D'Oyly Carte's Donald Adams as Baron Zeta, conducted by Carl Stewart Kellogg. Kennedy Center (254 3770).

CHICAGO

Lyric Opera (Civic Opera): The season continues with Luciano Pavarotti in the title role of Ernani, with Grace Bumbry as Elvira and the Metropolitan Opera's production of Abduction from the Seraglio with Ruth Welting as Constanze, Francisco Araiza as Belmonte and Kurt Moll as Osmin. (332 2244).

NETHERLANDS

Amsterdam, Stadsschouwburg. Netherlands Opera stages Jommelli's La Schiava Liberata, directed by Rhoda Levine, with the Tafelmusik Ensemble under Alan Curtis. (242 311).

Scheveningen, Circus Theatre. Netherlands Opera with Don Giovanni. The title role is sung by John Broecheler, and the other soloists include Roberta Alexander and Ashley Putnam. With the Netherlands Chamber Orchestra and the Netherlands Opera Choir under Edo de Waart. (558 800).

Imeneo/Sadler's Wells

Andrew Clements

The Handel Opera Society has returned to Sadler's Wells for its annual season—eight performances until November 10 of *Imeneo* and *Radamisto*. The two operas make a well contrasted couple: *Radamisto* (1720), fiercely dramatic, was a spectacular success at its premiere; *Imeneo* (1738), Handel's penultimate opera and a hybrid work, half opera half pastoral, flopped badly at its first performance and was not seen again in Britain until 1961. It was *Imeneo* which opened the season on Wednesday, conducted by Charles Farncombe and directed by Michael Rennison.

Handel took his libretto from a text by Silvio Stampiglia about the story of the god Hymen (Imeneo in Italian) who began life as an Athenian mortal but who proved so faithful to the girl he loved and eventually married that he was promoted to a deity with special responsibility for matrimony. It is a silly, winsome story, with a shortwinded text which Handel presses very hard, though the opera contains some fine music. For the non-specialist, perhaps its greatest interest is to be found in the occasional pre-echoes of *Messiah*, on which Handel began work in the same year.

What is unclear about *Imeneo*, and appears to have troubled the Handel Opera Society also, is the precise intent of the work—as a serious moral tale on the virtues of true love, or a frothier, thinner piece full of graceful melodies and not much else. Anthony Hicks' helpful and informative historical note in the programme emphasised the work's careful characterisation and the consistency of the musical invention; the production appeared to keep its tongue firmly in its cheek for much of the time, while the conducting seemed less wittily pointed than doggedly precise.

The audience settled for the good humour, and the stylised approach, replete with grandiloquent, frozen gestures and fetching tableaux—surely low-budget baroque opera does not *have* to look like that?—fed their preference. Much of the singing, however, merited a better, more detailed presentation. Penelope Walker as Tirinto had the most spectacular arias, including one, "My heart is stirred to anger," that is as good as anything Handel wrote in that stormy vein, and took them all with evident relish. Marilyn Hill Smith was a pert Rosemene, Rebecca Caine an intelligent, slightly uneven Clomiri.

The two leading men were less impressive. Neil Jansen seemed sometimes unfocussed as Argenio and was too often obscured by the accompaniment; as Imeneo himself, Richard Jackson reminded one of the recent admonition to the Leader of the Opposition—he smiled far too much.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Tuesday November 6 1984

Israel's price clampdown

THE MOST DAMAGING side-effect of inflation is that economic reality drifts out of focus. In Israel, struggling painfully to rid itself of the drug, this disorientation applies even to discussion of the selected cure. What is announced as a three-month wage and price freeze, turns out on closer inspection to be a freeze in shekel prices but only a reduction in the degree of indexation of shekel wages. This reduced indexation is said to imply cuts in real wages. But wait a minute. Aren't prices supposed to be frozen? And doesn't this mean that real wages will still be rising?

The package put together by the coalition government of Mr Shimon Peres may be exploring the limits of what is considered politically possible in Israel, but it is little more than a flawed lid screwed own on top of an inflationary pressure cooker. Belief in the shekel as a stable currency will not be re-established by such a three-month clampdown. It requires proof of a fundamental change in attitude by the government towards the use of inflation as a source of finance. This means stringent commitment to control money supply coupled with an equally stringent commitment to limit the government's budget deficits to what can be responsibly financed at home and abroad.

Imports

The Government recognises this and hopes that the wage restraint and the price freeze will secure it a period of calm, during which it will be able to tackle the underlying budgetary problem. The task looks a daunting one because of the proportion of the budget already earmarked for debt repayments or devoted to defence. Painful cuts in the remaining civilian budget have already been identified. They will involve removal of the subsidies on fuel, electricity and transport, following cuts that have already taken place in subsidies on basic foodstuffs.

These cuts contain the stuff of the first argument that will disturb the calm. The trade union federation insists that a price freeze rules out the removal of subsidies that will lead to price rises. For the moment the cabinet has accepted this argument. But in doing so, it is, of course, denying itself the chance to provide fiscal substance to the myth that inflation is under control. The next argument will undoubtedly concern imported goods. It is hard to see how importers can freeze the price of shekel imports unless the rapid depreciation of the shekel exchange rate is brought to an abrupt halt. A black market in imported products promises to be an inevitable feature of the price freeze.

Until the Israeli Government comes up with the required fiscal and monetary austerity, a cynical view is in order: it is that this package is the gesture needed to justify the recent American decision to transfer immediately all $1.2bn in U.S. Government grant aid budgeted for Israel in the fiscal year that has just begun.

The *de facto* economic dependence, but cosmetic independence of Israel and the U.S. is a relationship every Israeli government struggles to maintain. It probably lies at the root of the country's inflation problem in that it has created an unspoken expectation that the U.S. will bridge the gap between production and consumption. The country has never developed a fierce pride in its economic independence to match its military one.

The cure to Israeli inflation requires the country to embrace one reality or the other. Either the Government should reconsider the option of "dollarising" the Israeli economy and make official and build upon a practice which many Israelis use to retain their sanity in a system of spiralling shekel prices. Such an approach would immediately make clear where U.S. largesse ended and where Israeli self-sufficiency would have to begin.

Or Israel can stress its independence in its quest for monetary stability. The best route here would be to invite the International Monetary Fund to cast its practised eye over Israel's books and prescribe the adjustments needed to make a currency reconstruction credible.

Filling a gap in State education

THE SUPPORT voiced by 10 big companies for a new independent college to produce so-called information technologists is a rebuke to the UK Government. There would be no need for the college if the state's further and higher education and training activities, costing about £5bn a year, were seen as capable of supplying the skilled staff the companies believe they need to exploit the new technology.

Their invitation to the Government to join them in financing the additional courses and research programmes represents the offer of a hiding to nothing. If ministers refuse it they lay themselves open to the charge of blocking industrial recovery by perpetuating the lack of an appropriately skilled workforce. By agreeing they would in effect admit their inability to guide the state's hugely expensive provision so as to satisfy an important economic need.

Government has only itself to blame for the dilemma. It has been common knowledge for years that the state institutions are not supplying the skills required by a society increasingly dependent on harnessing technological advances. Ministers have nevertheless preferred to tinker politically rather than deal managerially with the shortcomings of the educational and training networks whose activities, although financed predominantly by taxpayers, are largely determined by their staff. Cutting educational institutions' budgets while leaving them relatively free to decide where the savings should fall has evidently resulted in a worsening shortage of the up-to-date laboratory and workshop equipment essential for developing high-technology skills.

Definition

If the Government is awakened to its need to take effective action, the companies' offer is to be welcomed. But ministers would be unwise either to refuse or to accept on the basis of the present plans for the new college which are sketchy to say the least.

While industrialists may rightly claim they are hampered by a shortage of information technologists, they have not yet provided any clear definition of what those technologists must know, understand and be able to do. In the absence of the definition, it would hardly be possible for the proposed college to devise courses and criteria for recruiting teachers and students which could be relied on to produce the requisite people any better than the existing institutions. No engineer likely to be useful in industry would recommend investment in such a triumph of hope over experience.

A prime reason for the educational and training networks' failure to deliver is their lack of what the 1980 Finniston Report called an "engineering dimension" which ensures that desirable aims are crystallised into clear objectives, determines whether and if so how these might be achieved, and develops the mechanisms to achieve them. Without such a preliminary programme of engineering design and development, new initiatives either within or independent of the existing institutions would have little chance of producing the skills needed to exploit new technology to the full.

Contribution

Since nine of the 10 companies interested in investing in the college are centred on engineering, they would do better to devote a commensurate amount of their engineering expertise to defining their manpower needs clearly in terms of knowledge and skill, and helping the education and training services to devise means of developing them.

It would then be up to government to grasp the nettle and reshape the state networks so that they supplied the new courses, preferably within their normal budgets. One possible vehicle would be institutes concentrating on new technologies and attached to universities or polytechnics, to which industry might contribute equipment as well as the part-time services of staff to enrich the teaching with up to date practical experience. Such an institute has been proposed to ministers by Salford University, although its plan also is not underpinned by preliminary engineering design and development.

The necessary detailed and demonstrably practicable blueprints could not be drawn up quickly. Even when they were in being the government might still prove unable to adjust the state provision accordingly, and so leave no alternative to expensive independent ventures. But it is better to invest time in devising workable plans than in hasty action which has at best a slim chance of achieving its purpose.

U.S. GOES TO THE POLLS

Reagan moves in for the kill

By Reginald Dale, U.S. Editor, in Washington

Mr Reagan (left) and Mr Mondale: almost mystical appeal versus traditional allegiances

THE U.S. votes today in what President Ronald Reagan had declared the most important election in half a century. And yet the same Mr Reagan has not really defined what the election is about — other than more of the same ("four more years").

Assuming, as all the political commentators do, that he wins, Mr Reagan will spend the next four years "running for history," as Dr Henry Kissinger puts it. If he makes it through to the end, he will be the first U.S. President since Eisenhower in the 1950s to complete two full terms in the White House.

He is widely popular and he seems to reflect, in an instinctive sort of way, the more conservative and patriotic mood of today's America. He represents a sort of American-ness in the way that President Charles de Gaulle embodied a certain kind of Frenchness.

But many of the millions of Americans who turn out to vote for him today will do so almost regardless of what he has actually said—or not said—over the last few months. It is still not clear what he sees as his place in the history books—although he certainly wants a favourable mention—nor has he made more than the vaguest shot at spelling out his plans for a second term.

There is some truth in the Democrats' assertion that Mr Reagan has polarised the nation. Blacks and the poor, will vote in massive numbers against him, while perhaps as many as two-thirds of white males will vote for him. Although some of the latest polls show a majority of women in favour of him, their enthusiasm is still much less than that of their brothers, sons and husbands. *Ms Geraldine* Ferraro, the history-making Democratic vice-presidential candidate, still, somewhat desperately, believes that a "hidden factor" of women's votes could unseat Mr Reagan.

In polarising the electorate, however, Mr Reagan seems to have managed to draw the lines so that the majority is on his side. He has made what the traditional Mondale Democrats regard as "selfish" values respectable. It is all right, he is telling the country, to be rich and patriotic.

That may, in the end, be Mr Reagan's legacy. Whether he agrees with the details or not, he has given conservatism—even the wilder forms of it—a licence to flourish.

The nature of the election campaign has been largely dictated by Mr Reagan. It has been about moods and feelings rather than issues. Mr Mondale's sincere and dogged attempts to raise what he sees as issues have either disappeared under a mountain of boredom or backfired. Even if, by some quirk of fate, Mr Mondale wins today, it will not be because he has inspired the nation. And that, it has to be said, is largely his fault.

It is astonishing to remember — *with the aid of a little* prompting—that only about a year ago, Mr Mondale quite often ran ahead of Mr Reagan in the polls. Even the hardly lamented former astronaut, Senator John Glenn, of Ohio, beat Mr Reagan in six out of seven trial heats last autumn.

The Republicans are now magnanimously giving Mr Mondale credit for honesty, decency and sincerity. But he is playing to the wrong audience.

As the focus of the country's dynamism shifts to the largely trade union-free Sunbelt, and away from the old industrial Rust Belt of the Great Lakes and the North-East, the traditional Democratic constituency *is shrinking. The once formidable* New Deal coalition—made up of the "solid" Democratic South, the intellectuals, the minorities, the liberals and the unions, has probably gone for good as the basis for a national majority.

It is in that sense that today's poll probably marks an historic watershed. In seeking to rebuild that coalition, Mr Mondale is almost certainly the last of an era of politicians who have dominated Democratic politics since the election of President Franklin D. Roosevelt in 1932. That is what is behind Mr Reagan's claim that today's vote could set the seal on an "historic electoral realignment."

Anyone travelling round the country and meeting Mr Reagan's many supporters will hear the same tale. Trade unions are hopelessly out of date ("see where they got England"), "prosperity comes from free enterprise and "opportunity," not government handouts, and America should "walk tall" (Mr Reagan's phrase) rather than whine about problems—as Mr Mondale is unfairly seen as doing.

Even people who should logically vote Democrat have been caught up by Mr Reagan's *enthusiasm.* A *poor, Hispanic* immigrant from the Dominican Republic announced with total conviction at the weekend that there would not be another recession because Mr Reagan "will not allow it."

As it was, Mr Mondale only narrowly won the Democratic nomination after a challenge from Senator Gary Hart of Colorado that unnerved and almost overthrew him. Mr Hart's "young, upwardly mobile" supporters, the notorious "Yuppies," have now fled en masse to Mr Reagan's banner.

If Mr Hart had been just a little more charismatic, he might actually have won his party's nomination. He certainly put his finger on the generational faultline.

Win or lose today, the issues raised by Mr Hart's challenge for the Democrats will not go away. There will be more years trying to redefine the Democratic coalition—and they will have to if the party is not to lose its national majority. One of the latest polls says that almost 30 per cent of Democrats will vote for Mr Reagan (and up to two thirds of independents).

Mr Mondale has allowed himself to be seen as the candidate of special interests and smoke-filled rooms in Washington—which, of course, he is. As such, he is tarred with failure. He has been unable to shake off the electorally disastrous legacy of the Carter *Administration that he so* loyally served, and he has underlined, for anyone who was still in doubt, how important it is for a national candidate to be a star performer on television, which, with rare exceptions, he is not.

And yet, Mr Reagan's appeal is in many ways founded on illusion. If the economy were still in recession, he would not be where he is today. He attracts a sympathetic response to his well-worn question: "Are you better off than you were four years ago?" and he seems to convince a surprising number of people that he has somehow abolished the business cycle—that his economic Reich will last for a thousand years.

It is a fair bet that once the next recession comes, as it inevitably will, large numbers of voters will feel that they were somehow cheated by Mr Reagan. Today's American voters seem to believe what they want to believe, and to be prepared to take a good deal on trust from Mr Reagan.

He has obstinately declined to spell out in any detail his plans for the next four years

That is all the more astonishing in that Mr Reagan has obstinately declined to spell out in any detail what his plans are for the next four years. He does not need to, he says, because he is running on his record—most of which, as it happens, dates from his first two years.

Yet most independent economists believe that he will have to raise revenue through the tax system—despite his rather evasive denials—and there is no certainty that he can deliver on his promise to negotiate verifiable arms control agreements with the Soviet Union.

On the defence front, Mr Reagan claims to have restored American "strength," for which he received a clear mandate in 1980, by rapidly increasing military spending. But the military value of many of his projects—the MX missile and the B-1 bomber for instance—is at best debatable. There is no real reason to believe that he has made America better prepared to fight a war, other than by improving morale and establishing a more assertive image. But that, to many voters, seems to be enough.

His one military triumph—last October's invasion of Grenada — played extraordinarily well in the public opinion polls but it was hardly, in objective terms, a decisive military victory.

All that leaves many Americans — though a minority — deeply concerned about what will happen in the next four years if Mr Reagan is re-elected. He will be freed from direct electoral accountability—in that he cannot run again for election —and there are fears that he will prove more malleable in the hands of his coterie of right-wing advisers.

Medical opinion is divided, but there is a considerable body of evidence that suggests that Mr Reagan will decline physically and mentally as he enters his mid-70s—he is now 73.

Many of his critics fear that Mr Reagan will use a new "mandate" to step up military activity in Central America. Washington has recently been rife with wild rumours that an invasion of Nicaragua will shortly follow Mr Reagan's re-election. If nobody else does, the Nicaraguans certainly believe it, and, of course, they are meant to.

The polls show that military adventurism in Central America —or anywhere else—would be enormously unpopular. On individual foreign policy issues, most notably on Lebanon, the general public tends to disagree with Mr Reagan on specifics while approving his overall, assertively muscular approach.

The Democratic candidate has tried hard and largely failed to make foreign policy a real issue. Yet Mr Reagan has no real foreign policy success to his credit—not, at least, anything comparable to the Salt 2 *nuclear arms* control treaty or the Camp David peace agreement negotiated by his predecessor, President Jimmy Carter.

There is a real question-mark over the future of U.S. relations with the Soviet Union and how they might be affected by Mr Reagan's enthusiasm for a "Star Wars" space based defence system. Mr Reagan indeed wants, as he says, to ease East-West tensions, but it is hard to see him doing it on anything other than his own terms, and that may not prove possible.

All the polls, however, show that Americans prefer Mr Reagan's often nebulous concept of foreign policy to the detailed specifics put forward by Mr Mondays. Mr Reagan is viewed as a "strong leader" by far more people than is Mr Mondale.

All round the country, Republican candidates for Congress are shamelessly running on his coat-tails. It is clear that Americans, after the agonising over Vietnam and Watergate, and what they widely see as the weakness of Mr Carter, want a "strong leader" in the White House. Perhaps all they want is to *believe* that they have a strong leader. There would be no public constituency for having him tested in a major conflict.

Mr Reagan gets away effortlessly with being the first divorced president in U.S. history and yet campaigning on family values at the same time. His appeal is almost mystical.

He has managed to combine his home-spun values with an apparent endorsement of pioneer-style religion—although he is not really religious—that fits the national mood. Those who are worried about him believe that his increasingly powerful right wing fundamentalist backers will advance to a much greater prominence in the next four years, than the Constitution should allow.

But one of Mr Reagan's many gifts is that he has made it unrespectable to run against religion—or the patriotism with which he successfully identifies it. Even if he does virtually nothing in the White House in a second term, he will still preside over a continuing, conservative-inspired social movement that will have his blessing.

He is, as one American newspaper put it this week, on "cruise control." He has not had to exert himself much in the last few months. But, as another newspaper asked this week, "where's the mandate?" *It may be that many Americans* will only try to answer that question once they have given it to him.

Men and Matters

The way the cookie crumbles

Nabisco's acquisition of the Huntley and Palmer empire has gone smoothly enough to allow the recall to active service in the U.S. of the company's 39-year-old chief executive, John Greeniaus.

"He's going back to fight in the cookie wars," *said a Nabisco* man yesterday. "I understand they need him badly."

Greeniaus, after a year in Britain, is now on reconnaisance in the U.S. where Nabisco is facing fierce competition from Keebler, a division of United Biscuits, and Duncan Hines, part of Procter & Gamble, in the new, soft cookie market.

Each company is trying to outdo the other on taste, chewiness (a quality Americans prize in their biscuits) and home-cooked presentation.

The market is already estimated to be worth $175m—but considering the vast sums being spent on promotion, it would be difficult to pick the winner.

Greeniaus, a Canadian who is not afraid to speak his mind, is known to dislike the name of Nabisco cookie—Almost Home. But he declined to comment on the "wars" for fear of upsetting his new colleagues.

Despite the U.S. troubles, he is still optimistic about launching a new, soft biscuit in the UK early next year. He says it is more likely to be a chewy, cake-like confection than a soft cookie. The British, he says, think a soft biscuit is merely stale.

Reid goes retail

The next move in the career of Bob Reid, aged 50, will, whatever its other merits have the attraction of being over a short distance. It will be just across the Thames from the Shell Centre to Shellmex House.

Reid was named yesterday as the next chairman and chief executive of Shell UK in succession to John Raisman, aged 55, who is leaving after six eyars in the job.

Reid's career has taken him *to many parts of the world* Australia, and Thailand.

Although 13 years in Lagos including spells in Nigeria, would not be everyone's choice of an ideal posting, he says he loves the city.

But it was in Australia between 1980 and 1983 that he was most exposed to the toughest oil industry issue he is likely to face at Shellmex House—how to stay profitable and dispute-free in an oversupplied petrol market. "The challenge of making sure we have a viable downstream business will certainly continue," he says. "But upstream, too, the next oil is going to be harder to win."

It may be that Reid will be more at home in the operations room atmosphere of Shell UK than the somewhat cerebral international Shell Centre on the South Bank. He says that the Shell Centre "probably reflects its different functions—more complex problems, but *less definitive objectives.*"

Reid was born in Fife, Scotland, the son of a butcher and, in spite of losing one arm at the age of nine, he became a good golfer at St Andrews university. He is a formidable player still with a handicap of nine.

"Blimey—Salmon fumé and Tournedos Rossini again, who'd join the army?"

Overseas call

In its bid to modernise its economy, China has turned to another source of British know-how—retired business executives.

Ceramics expert, Alan Norris, formerly of Royal Doulton, left for Canton at the weekend, and another eight or nine ex-businessmen are expected to follow him in the next 12 months on assignments for British Executive Services Overseas.

Backed by industry and the Government, BESO was set up in 1972 to provide voluntary help to medium and small businesses in Third World countries on similar lines to that provided by the more youthful Voluntary Service Overseas.

Administrator Frank Wright tells me that around 130 executives a year are sent on assignments covering just about every aspect of business from finance and production to marketing.

"Our work is only restricted by the amount of funds available," says Wright. "Whatever we raise from industry and commerce is topped up by the Government in a ratio of three to one."

Volunteers, who receive no payment except their expenses, have served in 63 different countries since the scheme was initiated. Chinese interest in the scheme has risen markedly since agreement was reached over the future of Hong Kong.

Out of gear

Italian car maker, Alfa Romeo, does not seem to be having much luck identifying the "select group of people likely to understand and appreciate the usual qualities of our remarkable new car."

Since I mentioned that our science editor, David Fishlock, had been invited to test drive the car despite the fact that he *does not have a driving* licence, I have heard from a number of other people on Alfa's mailing list.

A Hertfordshire man tells me his son was selected—though he cannot drive and happens to be living in the U.S. A Surrey woman, addressed in Alfa's invitation as Mr, wrote back to *suggest further research.* She was told her name had been plucked from the electoral *register,* "thus destroying my fond illusion that I belonged to the higher echelons of society for whom life without an Alfa Romeo is untenable."

Unwanted imports

Morocco is one of the more unlikely countries to be cashing in on Britain's rising demand for coal imports. It produces a high-quality anthracite, prized for use in domestic grates as a smokeless fuel.

But, unless effectively screened, this particular import line can have a dramatic firework quality as well.

Traders tell me it often contains unexploded detonators of East European origin which do not show up on metal detectors.

The Co-op, which is importing the coal, is using special equipment to de-fuse it before putting it on sale. I am assured that the screening is foolproof.

All set

A reader who rushed his wife to a Hampshire maternity hospital last week says he was very impressed with the preparations for her reception. Outside the main entrance was a large sign: "Keep Clear. Delivery Day."

Observer

UBS BUYS INTO PHILLIPS AND DREW

Col. Studer's surprise attack

By Peter Montagnon, John Moore and David Lascelles

SURPRISE HAS always been a key ingredient in military strategy, and yesterday's announcement from Union Bank of Switzerland that it is buying 29.9 per cent of City stockbrokers Phillips and Drew bears all the hallmarks of a carefully planned military coup.

At a stroke UBS, which has always lagged behind the other two Swiss majors in the area of international expansion, has catapulted itself into the vanguard of foreign involvement in the City revolution.

For the bank itself this will not only enhance its dealing capability in British financial markets—it intends to acquire a 100 per cent stake in Phillips and Drew as soon as regulations permit which should allow it to gain the coveted status of primary dealer (or market maker) in British government stock. More important, the acquisition will clearly help UBS to expand its already huge international fund management business.

Only three months ago, UBS staked another big claim in the City by buying one of its best-known office blocks, the P & O building in Leadenhall Street, for £71m.

But the reasons behind yesterday's announcement go far beyond the strategic planning of one individual bank, albeit Switzerland's largest. The deal provides a telling indication of the way in which Zurich—and for that matter, other Continental financial centres—have begun to lose ground to London as a premier international financial centre.

UBS did not disguise this aspect of its decision in making yesterday's announcement. "The opening of London for international financial business, as well as the fact that securities trading possibilities in Switzerland are narrowed by tax burdens, lead to the further strengthening of London as a financial centre," its statement said.

"We are sorry such a development is negative for Switzerland," said Mr Robert Studer, the 46-year-old UBS general manager responsible for investment banking. "We as a bank don't want to play a subordinated role in the most important financial centres."

Mr Studer, like most senior UBS executives, he is a high-ranking officer in the Swiss Army (he is a colonel in command of an infantry regiment), is likely to take much of the credit for masterminding the acquisition. Since his appointment to the bank's executive board four years ago he has begun carefully to beef up its international operations. Expansion is under way at both investment banking subsidiaries in London and New York.

Nonetheless UBS still cuts less of a dash in international financial markets than its other two main Swiss competitors. It was the last of the big three to open a branch in London.

Last year the league table compiled by the banking magazine Euromoney showed Credit Suisse First Boston, the joint venture between the Swiss bank and First Boston of the U.S., at the top of the field, leading Eurobond issues worth $8bn. Swiss Bank Corporation came 12th with $1bn, while UBS came only 18th with $672m, though this year it is showing signs of catching up.

Now the acquisition of Phillips and Drew will give the big Swiss bank additional muscle in international financial markets just at a time when it badly needs a new sense of direction. It is already the largest Swiss bank with total assets of SwFr 115bn at the end of last year.

Earnings from foreign exchange and bullion trading, once one of the mainstays of Swiss banking, are also no

Mr Bryce Cottrell, senior partner at Phillips and Drew

longer what they were. Activity in the gold market has fallen off and futures markets, which increasingly dominate foreign exchange business, have been developed elsewhere, notably in the U.S. and London.

And worst of all for a financial centre, Switzerland now finds itself in the peculiar position of being particularly heavily taxed. While other countries such as the U.S. and Germany have abolished withholding tax on interest, Switzerland still levies the tax at a punitive 35 per cent. At the same time there is a controversial stamp duty on securities transactions which is levied on dealings through a Swiss bank, even when both buyer and seller are non-resident.

UBS was not the only bidder for Phillips and Drew. It is understood in London that at least one other large Swiss bank was interested, as well as several other international banks such as Bank of America. Nor did UBS bid the highest price, but according to Dr Nikolaus Senn, the bank's executive chairman, it clinched the deal through "a combination of price plus concept."

The association is "intended to strengthen the position of both organisations in the international securities and underwriting business and in portfolio management."

The potential for this type of "off balance-sheet" business was one of the major attractions to UBS, which like other banks is keen to develop fee and commission income for providing services rather than loans. Estimates in Zurich suggest that the Swiss bank has around SwFr 150bn in funds under management, a total which far exceeds its published balance sheet of SwFr 127.3bn at the end of September. Phillips and Drew is also a big player in this business, though with a rather more modest total of some £4bn.

According to Mr Studer, Phillips and Drew and UBS (Securities) will co-operate in underwriting bond issues and the link means that UBS will be able to offer new sterling business to its clients "immediately." UBS will also have access to Phillips and Drew's pre-eminent research capabilities and the two institutions intend to develop a counselling service for institutional investors "not only in the UK but for industrial countries all over the world."

The UBS deal marks the first major bid for a place in the City revolution by one of the Continental banks, which have been much slower than the Americans to respond. Until yesterday, only the Scandinavians had sought any stakes, and they were quite small.

UBS's move does not necessarily herald a wave of acquisitions from across the Channel, but there are mounting signs of interest from that quarter. One of UBS's leading competitors, Swiss Bank Corporation, for example, is known to be keeping a close eye on possible opportunities in the City, as is the third of Switzerland's Big Three, Credit Suisse, which already has a presence through Credit Suisse First Boston, but may also be seeking direct involvement in the UK markets.

The German banks which, like the Swiss are universal banks offering the whole gamut of financial services in their home markets, are also potential buyers. Recent reports that Deutsche Bank, the largest, is planning to take a 5 per cent stake in Morgan Grenfell, the UK merchant bank, are a possible pointer. Deutsche Bank has acknowledged London's role by deciding to move its Eurobond business from Frankfurt to the City.

This European interest in London is twofold: as an international financial centre it is unrivalled in Europe. First it has the largest banking community, and the liveliest and most sophisticated markets. Second, the Thatcher government has made it a key point of policy in the City revaluation to try to foster market structures and a regulatory framework that make it both a sound and inviting place to do business.

The changes in the City also offer foreign banks a rare opportunity to get a good foothold in markets denominated in one of the world's main currencies. Although continental currencies like the D-mark and the Swiss and French francs are important in foreign exchange, they are not underpinned by the same breadth and depth as the sterling fixed interest and equity markets.

However, now that most of the City's stockbrokers and jobbers have been bought up, the opportunities for latecomers seem to be limited. As the possible Deutsche Bank deal suggests, though, future acquisitions may centre on ready-made securities groups (Morgan has both a broker and a jobber under its belt) rather than on the individual ingredients.

A £40m INJECTION OF CAPITAL BY UBS

MR BRYCE COTTRELL, senior partner of Phillips and Drew, which has 61 partners and over 550 staff, says the British securities market will become run by groups which are structured along the lines of investment banks. His firm wants to take advantage of the financial muscle of Union, particularly to increase its market share in the remodelled British Government securities market, where it currently is ranked fifth. At least £40m of capital is to be injected into Phillips and Drew by Union. Phillips and Drew want to become a primary dealer, making markets in British Government stocks, an activity which requires large amounts of capital.

Phillips and Drew is one of the largest players on the London International Financial Futures exchange and a leading firm in the London traded options market; it also has around £4bn of pension funds under management and what it describes as a "modest" corporate finance business with around 75 clients, including Tesco and British Airways. As a broker it has brought more companies to the unlisted securities market—the British stock market's nursery market for companies—than any other stockbroker, with the possible exception of Simon and Coates.

The firm has considered seeking a listing on the unlisted securities market itself and it has been linked with such names as Midland Bank and Bank of America.

Phillips and Drew said "we are seeking to expand the service that we offer with our link up with Union to deal with the demand from our clients for other instruments such as Deutschemark bands and guilder bonds."

Lombard

Shopping around for home loans

By Clive Wolman

HOME-OWNERS have every right to feel they are the victims of a classic usurer's stratagem.

Most decided to take on large mortgages when the interest rate was close to, or below, the rate of house-price and other inflation—and probably below the banks' base rate. But the average mortgagor today is forced to pay a rate of interest (the true rate, not the quoted rate) about 10 percentage points above inflation and 4 above the base rate.

When it was taken out, the mortgage would have been the cheapest form of borrowing available. Now the rate has been pushed above even the overdraft rate, and there are few signs of a reduction in the near future despite a fall in rates elsewhere.

For centuries, the English legal system has sought to protect borrowers from exploitation by money-lenders. But as one legal text book notes, the "open-ended" mortgage contract of the 1980s "is little short of astonishing. The mortgagor agrees to pay *any* rate of interest stipulated by the lender of the money." (K J Gray and P D Symes: Real Property and Real People).

The leading authority on building society law, Wurtzburg and Mills, accepts that the standard mortgage contract could be struck down by a court as being "harsh and unconscionable." But it points out that building societies provide various safeguards for their borrowers. In particular, most allow borrowers to redeem their mortgages and refinance them elsewhere without penalty.

By this means, the theory runs, competition and the threat of redemptions should force lenders to keep down interest rates.

The practice, however, is far less satisfactory. Many building societies and banks are reluctant to "poach" borrowers by refinancing mortgages. And those that are willing normally insist on carrying out new valuations and checks on title. This typically raises the cost of a switch to £200 or so.

And having spent that money, the cost-conscious mortgagor has no guarantee that, two months later, his new lender will not raise his rates to above those of his previous lender.

It is only because borrowers can be locked in for 25 years, that some mortgages can cost three percentage points more than the cheapest on the market, without creating a flood of redemptions for the dearer lender. A differential of three points on a mortgage of £30,000 is worth £75 a month.

Treasury officials last autumn nodded approval to the break-up of the building societies' cartel in the belief that competition would bring down interest rates. In fact, the opposite happened.

But if the Government is genuinely committed to promoting competition as a way of cutting the cost of borrowing, it could clarify the law as follows:

- Any clause in a mortgage contract permitting the lender unilaterally to alter his interest rates upwards more frequently than once a year could be struck out as oppressive and unenforceable.
- All lenders would be required to produce standard valuation documents and confirmations of title which, if not too long out of date, could be relied on by a refinancer of a mortgage.

These requirements would allow the homeowner to review the mortgage once every year and decide whether it would be worth switching to another lender for the next 12 months.

The building societies would doubtless complain that they could be caught out badly by an upsurge of interest rates during the year—when they would be unable to pay sufficiently high rates to keep their deposits.

But this problem could be avoided by the use of fixed-interest term shares for one year or more and greater reliance on the money markets. Any outstanding risk from a rise in interest rates could be hedged by selling interest rate futures contracts.

Such a framework, by encouraging borrowers to shop around for the lowest rates, would encourage new lenders—such as foreign banks—to enter the UK mortgage market. They should be able to raise money more cheaply from non-taxpayers via the world capital markets and thus undercut the building societies and force down rates.

Letters to the Editor

Industrial relations

From the Chairman and Managing Director, Milliken Industrials.

Sir,—In your Men and Matters column (November 2) you refer to a company that has no industrial problems, adding that its manufacturing plant is not unionised. The clear inference of this juxtaposition must be that no unions equals no problems, and by extension, that having a union means there will be problems.

This is really too facile. The company in question is a relatively new one, and the fact that there is no union indicates that its employees are happy that way, which in turn suggests that it has got its industrial relations policies right. But there are many, many businesses in this country where all, or some, of the employees are members of unions, which would also claim to have no industrial relations problems.

I do not believe that having employees who are also members of a union makes it either harder, or easier, to have "good" industrial relations, than if they were not. It is the responsibility of management to ensure that industrial relations are good; and if employees are involved, and are consulted, and generally credited with being intelligent and valuable members of the enterprise, they will respond accordingly, and industrial relations will be "good." To blame unions for poor industrial relations is too easy; but the responsibility is inescapably that of management, and to pretend otherwise is dangerous and misleading.

C. F. Jeanes
Wellington Mill,
Wellington Street,
Bury, Lancs.

Colliery losses

From Mr P. Hallwood

Sir, — It is alarming that the National Coal Board seems not even to have tried to marshal, for public scrutiny, the economic facts of colliery financial losses.

Taking the case of Cortonwood: according to the Monopolies and Mergers report on the coal industry published in June 1983, operating losses there amounted to £6.20 per ton, which ranked it only 91st in the colliery loss-makers' league table. (The four worst cases lost an unweighted average of £82.08 per ton.)

Surely a vital exercise is to compare the present value of operating losses with lost government net revenues due to miners becoming unemployed. The latter is an important statistic because it is so often pointed to (in one form or another) by opponents of the closure programme. Again taking Cortonwood's case, on the basis of a 2 per cent real discount rate and an expected pit life of 15 years, the present value of these losses amounts to £22.4m.

Estimates of the present value of unemployment costs to the Government would probably vary more widely. In the first place, there is no need for any of Cortonwood's miners to become unemployed, as the NCB will offer them employment elsewhere. Even if it were assumed, however, that all of the colliery's 832 miners become unemployed for a period of two years, and that this cost the Government £5,000 per annum per capita (1982-83 prices) in compensation and lost tax revenues, the present value of this loss amounts to just £8.1m.

Clearly, on these calculations, the case for closure cannot be rebutted.

Wide dissemination of facts such as these would make the public better informed of the economic facts behind the coal dispute and lend further support to the working miners who are prepared to accept replacement of uneconomic capacity.

Paul Hallwood.
Department of Political Economy, University of Aberdeen,
Edward Wright Building,
Dunbar Street, Old Aberdeen.

Closing the pits

From Sir Thomas Bazley

Sir,—May an outsider comment on your leader (November 2) about Mr Scargill?

Mr Gavin Davies, economist at Simon and Coates, has thoroughly assessed the economics of pit closures; his study showed that if you take all factors into account, nationwide, closing unprofitable pits can be uneconomic and that the immediate case for closing any pit is weak.

If the Prime Minister could accept this wider and more realistic perspective, might it not allow a compromise reasonable enough to speed up the return to work and undermine Mr Scargill's extreme demands?

(Sir) Thomas Bazley.
Eastleach Folly, Hatherop,
Cirencester, Glos.

Encouraging the bounty hunters

From the National Organiser, The Freedom Association

Sir,—In "The closed shop under fire" (November 2), Philip Bassett provided a useful summary of the possible consequences of the 1982 Employment Act as well as a table of new compensation payments.

The table is accurate as far as it goes but it ignores the "worst" or "best" case compensation payment. This occurs when a tribunal orders reinstatement and the company refuses for a reason the tribunal does not accept. In this case the special award is 156 weeks pay with no upper limit.

Instead of an upper limit of £31,850 as shown in Mr Bassett's table, it is quite conceivable to envisage sums three times that size.

This association will certainly encourage "bounty hunters" to take advantage of their statutory rights. As soon as they do so employers and unions who will have to shell out the bounty will for financial reasons come to the same principled conclusion as Mr Brian Stanley of the Post Office Engineering Union, who says: "We prefer what we have: a high level of membership on a voluntary basis, wanting to belong to the union, rather than compelling people to belong."

Gerald Hartup.
Avon House,
360-366, Oxford Street, W1

Unemployed for over a year

From Mr F. Field, MP

Sir, — Malcolm Rutherford (November 2) draws attention to the significant change in the attitude of Conservatives to the level of unemployment. He reports their new insistence that the level of unemployment must be brought down. To the proposals to reduce the level of unemployment may I please add two suggestions?

Reference is often made to the cost of unemployment. Yet the social cost is borne almost exclusively by those who are unemployed, and an increasing proportion of those without work are bearing unemployment for longer and longer periods of time. The number who have been without work for over a year has increased from 361,000 in 1979 to 1.2m in October 1984.

Two reforms aimed at helping the long-term unemployed should be introduced early in the new session of Parliament. The first is to pay those without work for over a year the long-term rate of supplementary benefit. No matter how long claimants are unemployed, they and their families never qualify for the higher supplementary benefit rate. The unemployed are the only claimant group to be discriminated against in this way, and the discrimination takes the form of a 25 *per cent* reduction in their benefit.

The other change is to encourage employers to take people off the back of the unemployment queue. A subsidy could be given to those hiring workers who have been without work for over a year. At the present time over 365,000 people leave the unemployment register each month. Not all of these move into employment, and of the jobs available, not all of them could be filled by the long-term unemployed, but many could be.

These two reforms would ensure that unemployment is shared a little more fairly, and that we cease to discriminate against the unemployed through the social security system. In no way, however, should these changes be viewed as a substitute for work for that is what most unemployed people most want.

Frank Field.
House of Commons, SW1.

Reforming the rates

From Mr J. Watson

Sir,—I agree with Mr Barycz (Oct 20) in pointing out that the rates system is unfair. The unfairness however, will not be changed by the system that he proposes. Some way will have to be found to set a rate for those people who have not moved recently. This in itself would necessitate a bureaucracy which would be seen by those worse affected as being unfair.

The easiest way of reforming the system would be to transfer the collection to the national Exchequer. This could be done by a small increase in Income Tax. A lot of local bureaucracy would be eliminated.

Money would then be allocated to each local authority depending upon the make up of its population and once this formula was established a large amount of the annual haggling could be eliminated.

The above would take some time to organise but in the meanwhile two of the most glaring injustices in the current system could and should be immediately rectified. People who live in flats are unfairly discriminated against. This problem could be overcome by a simple enabling Act.

The other injustice is against single persons living in any type of accommodation.

J. M. Watson.
9, Beech Court,
Willow Bank,
Manchester.

FINANCIAL TIMES

Tuesday November 6 1984

HIGH TURNOUT GIVES ORTEGA BIG MAJORITY

Sandinistas head for poll victory

BY TIM COONE IN MANAGUA

NICARAGUA'S left-wing Sandinista Party has won the expected overwhelming victory in Sunday's elections according to the preliminary returns calculated from 617 of the 3,892 polling stations.

The ruling Sandinistas appear to have 68 per cent of the vote for the National Assembly, president and vice-president. Sr Daniel Ortega, the present head of the government junta, will become president, and Sandinistas will have a strong majority in the National Assembly.

The nearest opposition has come from the Liberal Independents (PLI) and Conservative Democrats both taking 11 per cent of the vote. The left-of-centre Popular Social Christian Party has taken 6 per cent while three Marxist parties to the left of the Sandinistas have polled only 4 per cent between them.

The elections, the first held since the overthrow of the Somoza regime in 1979, will give the Sandinistas a popular mandate to continue their left-wing programme, which the Reagan Administration has for the past four years been pressing them to moderate.

The 90 seats in the National Assembly will be assigned almost directly in proportion to the number of votes obtained by each party.

Voting turnout has been high at 82 per cent, and spoilt papers are running at around 7 per cent of votes cast. Reaction from the many foreign observers present has generally been positive.

Mr Tomas Kersteins, the official Dutch Government observer, said: "The elections have been very well arranged although there seemed to be few observers from the opposition parties in the voting booths."

But in Washington, the U.S. State Department denounced the election as a farce, saying there was "no meaningful opposition."

The right-wing three party alliance, the Coordinadora Democratica refused to participate in the elections, originally demanding to opening of a dialogue with the U.S.-backed guerrillas fighting in the country, and later a postponement of the elections. The position of the PLI is still confused.

The PLI decided to pull out of the elections two weeks ago but left the official notification of its decision too late to have the ballot papers changed. Many of the PLI candidates intend going against party policy to take up their seats in the National Assembly.

None of the participating parties has as yet made any complaints over the management of the polling stations or the count. A spokesman for the Conservative Democrats said that they expected to obtain a higher percentage of the vote as the results from the rural polling stations came in. The rural vote is not expected to swing the final result dramatically although it is liable to favour the centre and right-of-centre parties.

Disruption of the polls by the U.S.-backed guerillas has been minimal.

Gulf & Western bids $693m for U.S. publisher

By Terry Dodsworth in New York

GULF & WESTERN, the New York-based conglomerate, launched an unsolicited $693m cash bid yesterday for Prentice-Hall, one of the leading U.S. publishers of text books and information services.

Prentice-Hall reacted cautiously to the bid, warning shareholders not to "act hastily," and saying that its board would meet later this week to consider the proposal. The company has retained Dillon Read, the New York investment bank, to advise it on the Gulf proposal.

There has been strong speculation recently about a bid for Prentice, and Gulf said yesterday that it had repeatedly sought to meet with the company's senior management to work out a cash deal.

Its offer of $70 a share compares with an all-time high for Prentice's share price of almost $64 last year. Early yesterday its shares were suspended at Friday's closing price of $51⅞.

Gulf & Western has recently emerged from a period in which it has liquidated an extensive stock portfolio, becoming in the process more of a trading-oriented company. It recently announced agreement in principle on the sale of its sugar operations in Florida and the Dominican Republic.

Last year, the company's earnings rebounded from $169m to $260m, and its entertainments division has also been enjoying strong sales this year.

Mr Martin Davis, chairman of Gulf, said yesterday that a merger of the two companies would be in the best interests of shareholders, with "compelling operational and market logic."

The bid, he added, was based on linking Prentice's activities with Gulf's own publishing interests at Simon & Schuster and Allyn & Bacon.

Prentice Hall had net profits last year of $38m on sales of $448m. It employs 5,600.

THE LEX COLUMN

Swiss role for P&D

The UK authorities seem determined to leave the clearing banks the smallest possible space for dithering about the cut in base rates. Half a point off the Bank's bill dealing rates the morning before a set of money supply figures would be a pretty broad hint at any time. Coupled with sterling's resilient showing yesterday, it also suggests a healthy turnout for tomorrow's gilt-edged tender.

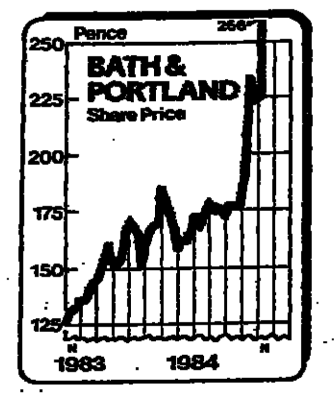
UBS/P&D

Union Bank of Switzerland yesterday unveiled its proposed acquisition of Phillips & Drew with the tantalising aside that its bid terms had not been the highest on the table. But all the references to concept and synergy could only serve at first sight to heighten the apparent incongruity of the deal. P & D, after all, will be joining a bank as renowned for the discipline of its domestic operations as it is for the occasional inflexibility of its approach to the wider Euromarket.

UBS has been making conspicuous efforts to sharpen up its City of London presence in the Eurobond markets for the last six months or so. The calibre of the economics research available from P & D ought to be some help here; but UBS is most unlikely to have stepped into the City revolution in search of ways to compete more effectively with the other two big Swiss banks in the Euromarkets. Expanding its activities in the international equity and gilt-edged markets, on the other hand, could well open up competitive advantages for UBS over its domestic rivals and might make better use of its enormous home base.

In this context, P & D ought to suit its requirements very nicely. The Swiss bank can hope to match its huge distribution network to a role for P & D as a primary dealer in London. The same should apply to equities, where UBS has scored some notable coups in international distribution over the last year and has only recently opened a representative office in Tokyo.

Nor is the deal quite so incongruous as it might seem for P & D. Of all the City's leading stockbrokers, its substantial lead in pension fund management surely makes it the most natural partner for a Swiss bank. It may lose the business of other Swiss banks, as it has lost the business of merchant bank competitors. But it has the promise of access to lavish capital resources, combined with assurances of continued authority.



On this score, Eurobond dealers familiar with the management constraints imposed over the years on UBS Securities, the bank's subsidiary in the Euromarkets, will have their doubts; but the wider City interest will also focus on the relations between P & D's fund managers and their new Swiss masters. Continental universal banks have not always provided their discretionary clients with the service expected by UK pension fund trustees – the integration of a prospective City market maker with Swiss investment traditions looks a timely reminder of the regulation problems ahead.

Beazer/Bath

The Bath and Portland share price has been looking for an offer from Beazer for several weeks, ever since Beazer squeezed past B&P in a scramble to buy M.P.Kent. Now that it has arrived, however, the Beazer opening bid of 239p per share only looks like whetting the market's appetite. And the City of London, which has grown accustomed to seeing takeover bids from Beazer – five of them this year alone – may regard this latest and largest project as setting Beazer something of a test.

Wrapping up B&P together with last month's purchase of Kent would hoist Beazer into a demandingly higher division than it has played in up to now. Institutional willingness to go along with these ambitions seems to be there; the smooth underwriting of Beazer's cash offer yesterday would suggest as much. Yet the increasingly weighty bundle of acquisitions runs the risk of diluting Beazer's management strength, and increasing the balance sheet gearing at the same time.

There must be some question, as well, over the sense of throwing together a grouping which would run from housebuilding to development of body scanners. If anything, the purchase of B&P – bringing in more mineral assets – would reverse the logic of Beazer's recent disposal, of a brickmaking business.

As for B&P, its prospects of resisting at this price look solid enough. The market seems prepared to concede that between its mineral resources and its rapidly-expanding fluid measurement business, B&P should have little difficulty in arguing for a valuation near 290p a share. Whether it can persuade the Takeover Panel to push the price anywhere near the effective 380p per share which Beazer is alleged to have paid for the Kent stake in B&P must be very doubtful. The same goes for the chances of frustrating the offer altogether by trying to enforce Kent's obligations not to dispose of its B&P shares: that horse seems to have bolted.

AB Foods

Judging by its trading statement, Associated British Foods has made a healthy move towards increased volume and efficiency. In the half-year to end-September, trading profits are up 23 per cent to £46m. Fine Fare's contribution has risen by 20 per cent, and Twining Tea has been boosted by strong U.S. demand.

But the baking industry is still fiercely competitive. ABF's market-leading operation is only just in the black, and to avoid sniping from the Office of Fair Trading it might have to offer competitors a crumb of comfort by adding 1p to 2p to a loaf of bread after December's wage round.

So, despite the company's strong retail content, the market does not yet see it as the greatest thing since sliced bread. On a prospective p/e of around 9 (assuming full-year profits of £132m taxed at 40 per cent), it is well behind its retailing neighbours.

This is also a reflection of ABF's financial performance. Its treasurers only managed to eke out a 4.8 per cent return on a £220m cash pile, and the Chancellor of the Exchequer's tax changes have been taken firmly on the nose. Though its disposals were pulled off with excellent timing – it sold its South African interests just before the rand collapsed – the market wants to see that it can also make the most of its cash. On its bottom line performance, the shares fell 6p to 176p.

Rise in W. German unemployed last month

By John Davies in Frankfurt

THE NUMBER of unemployed in West Germany increased slightly last month, although there were some hopeful signs in the labour market.

The jobless total rose by just over 1,000 during October to 2.14m, or 8.6 per cent of the workforce.

However, the increase was a little less than expected at this time of the year. The number out of work was 3,250 less than in October last year, when the jobless rate was 8.7 per cent.

A total of 245,800 foreigners were registered as out of work, 1,000 fewer than the previous month and 31,000 fewer than a year ago. The number of young people looking for jobs was also down.

On the other hand, the number of registered vacancies declined last month and more workers were put on to short-time working.

Although the economy is continuing to show signs of moderate growth, unemployment remains a deep-rooted problem with few hopes that it can be substantially reduced in the near future.

With the onset of winter, the seasonal decline of outdoor work is expected to lift the number of unemployed. Last winter unemployment reached a peak of 2.53m or 10.2 per cent of the workforce.

Patrick Blum writes from Vienna: The Austrian economy continued to perform well in the first eight months of this year thanks to a strong export performance, but the increased level of imports to enable industries to replenish and modernise their machinery was largely responsible for a Sch 3.3bn ($156.6m) deficit on the current account compared with a surplus of Sch 9.6bn in 1983.

According to figures published yesterday by the Vienna Economic Research Institute (WIFO) imports increased 16.2 per cent, exports rose 14.8 per cent and industrial production was up 6 per cent.

CDU seeks to tighten rules on disclosure after Flick affair

BY PETER BRUCE IN BONN

THE EXECUTIVE of the senior party in West Germany's governing coalition, the Christian Democrats (CDU), decided yesterday to try to toughen the rules governing financial disclosures by members of the Bundestag.

The move follows widespread fears in Bonn that the integrity of parliament – in the eyes of the electorate – has been damaged by the scandal surrounding payments to parties and politicians by the Flick industrial group.

The CDU leaders stopped short, however, of accepting a recommendation put by their general secretary, Herr Heiner Geissler, that parliamentarians make their entire income public. Instead, they plan to refer the issue to the Bundestag's "Council of Elders," parliament's senior internal body, which is headed by the Bundestag president.

A new president, Herr Philipp Jenninger (CDU), was formally elected yesterday to succeed Dr Rainer Barzel, who resigned at the end of last month in the wake of allegations that he had taken money from Flick.

Shortly after his election, Herr Jenninger called on politicians to help restore confidence in the West German parliamentary system but, like his party executive, said he did not support Herr Geissler's notion that politicians should wear "glass pockets."

The party executive also came out in support of Chancellor Helmut Kohl's proposal that the Bundestag hold a full debate on contributions to political parties. This will now probably be held on November 15.

The junior coalition partner in Bonn, the Free Democrats (FDP) which has also lost a senior member to the Flick scandal, former Economics Minister Count Otto Lambsdorff, has been more vociferous than most in supporting a debate. The party praesidium said yesterday it planned to take a very strong position in the debate.

The FDP, however, has been put on the defensive again after confirming that it had received some DM 6m at the end of 1983 from an anonymous donor.

● Herr Peter Struck, a member of the opposition Social Democrats (SPD), and a member of the Bundestag's Flick committee, has denied remarks attributed to him in a Spanish newspaper, to the effect that a senior SPD politician had handed over funds from the Flick concern to the ruling Spanish Socialist Party. He said the report had been "invented."

Britain to investigate Al-Fayed stake in House of Fraser

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

THE £138.3m acquisition of a 29.9 per cent shareholding in House of Fraser, the UK stores group, by the wealthy Al-Fayed family of Egypt from Lonrho is to be studied by the UK Office of Fair Trading. It will then decide whether the deal should be referred to the Monopolies and Mergers Commission. The Al-Fayed family bought the stake from Lonrho, the international trading conglomerate.

The Fair Trading office is also to examine whether Lonrho's existing links with House of Fraser are likely to lead to a full bid, following the disposal of its shares to the Al-Fayed interests.

Lonrho has indicated that Lord Duncan-Sandys, its group chairman, and Mr Roland "Tiny" Rowland, Lonrho's chief executive, have no intention of resigning as directors from the Fraser board.

House of Fraser and representatives of Mr Mohamed Al-Fayed and Mr Ali Al-Fayed are expected to enter delicate negotiations this week with Mr Rowland in an effort to persuade him to step down from the board of Fraser quietly, and so avoid a further public row between Lonrho and Fraser.

Mr Rowland said at the weekend that he would only leave the Fraser board: "If I think I have no function to perform. If I don't leave I will have to be thrown off the board. I don't have to resign."

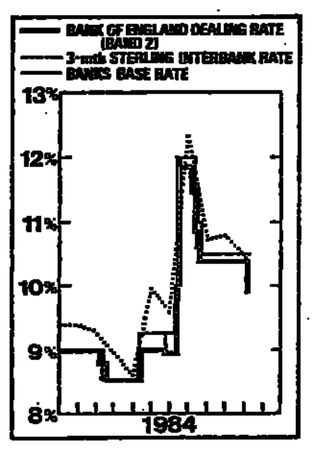
The deal between the Al-Fayed family and Lonrho was clinched with the minimum of formalities. The Al-Fayed brothers did not insist as part of the deal that Lord Duncan-Sandys and Mr Rowland should step down from the board as a condition of purchase because they wanted to keep the deal as simple as possible in order to gain its acceptance by Lonrho.

Mr Mohamed Al-Fayed and Mr Ali Al-Fayed are to join the board of Fraser and are thought to have privately indicated to the Fraser board that they will support the other Fraser directors in an effort to remove Mr Rowland and Lord Duncan-Sandys.

The Al-Fayed family have indicated to the House of Fraser that they are prepared to make an offer for the entire House of Fraser shares if the offer is recommended by the Fraser board.

House of Fraser directors, led by chairman Professor Roland Smith, have said that it was too early for such a deal to be reached

The UK Department of Trade said yesterday that once it had received formal notification from Lonrho that it had disposed of its Fraser shares it could make a formal recommendation to the Monopolies and Mergers Commission to terminate its inquiry into Lonrho's long-running battle for Fraser.



Cut in UK lending rates expected

Continued from Page 1

borrowing charges will provide a boost to the economic recovery.

Until the last few days the authorities were constrained by sterling's weakness, a reflection of concern over oil prices, the miners' strike and a strong dollar.

They are confident, however, that falling U.S. rates, a weaker dollar, and steadier oil prices have pushed anxiety over the miners' strike into the background.

Yesterday, sterling rose by 1.65 cents to close in London at $1.2680, its highest level since mid-September. Despite the prospect of lower base rates, sterling also registered gains against most other currencies, pushing the sterling index up by 0.5 points to 76.2.

The dollar, which has suffered from a marked change of sentiment after the steady decline in U.S. rates, dropped further against virtually all currencies in nervous trading ahead of the U.S. election today.

The dollar closed in London at DM 2.9285, down 1.85 pfennigs from Friday.

Ottawa aims to improve climate for investment

BY BERNARD SIMON IN TORONTO

THE NEW Canadian Government will give high priority to improving relations with the country's 10 provinces and creating a more receptive climate for investment. Mrs Jeanne Sauve, the Governor General, said at the start of the new parliamentary session in Ottawa last night.

Parliament reassembled yesterday for the first time since the Progressive Conservative Party's landslide election win on September 4, which ended 16 years of almost unbroken Liberal Party rule.

Mrs Sauve, outlining the new administration's plans, said the inclusion in the Government of MPs from all provinces was "a magnificent opportunity to build a new national consensus."

Quebec's separatist premier, Mr René Levesque, was the only provincial leader absent from yesterday's ceremony, but he has indicated that Quebec is likely to draw closer to the federal Government with the Conservatives in power.

On economic policy, Mrs Sauve said the three main priorities would be a reduction in the federal budget deficit, the removal of obstacles to growth – for instance, by reviewing anti-trust and regulatory legislation – and encouragement of domestic and foreign investors.

Details of measures to achieve those goals are expected in an economic policy statement to be delivered to parliament on Thursday by Mr Michael Wilson, the Finance Minister.

Canada clears exports of natural gas to U.S.

BY OUR TORONTO CORRESPONDENT

THE CANADIAN Government has approved the first batch of licences for natural gas exports to the U.S. since allowing producers to adopt more flexible and competitive pricing policies.

The licences, awarded to six of Canada's 11 natural gas exporters, clear the way for a sharp increase in shipments to the U.S. The six companies expect to raise their sales to 740bn cu ft in the year to October 31 1985, 30 per cent higher than the previous 12 months. Without the more liberal pricing regime, the companies forecast exports over the next 12 months at 385bn cu ft.

The authorities announced in July that export prices could in future be negotiated with customers instead of being pegged to domestic prices.

The new licences provide for prices as low as U.S.$2.78 per million British Thermal Units (BTUs), compared to $3.15 per million BTUs paid by Canadian consumers. The average price of the contracts is $3.26 per million BTUs.

Mexican natural gas exporters announced last month that they would no longer compete in the U.S.

Total Canadian gas exports dropped to 713bn cu ft last year, the lowest level in 11 years. They reached a peak of 1,000bn cu ft in 1979. According to an energy department official, total gas exports are expected to rise to 905bn cu ft in 1985 from 735bn cu ft this year.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	19	66	Malaga	F	17	63	Salzburg	S	9	48
Akrotiri	C	21	70	Faro	S	16	61	Malta	C	20	68	Seoul	F	19	66
Algiers	C	23	73	Florence	F	18	64	Manila	F	32	90	Singapore	F	26	79
Amsterdam	S	10	50	Frankfurt	C	9	48	Miami	C	29	84	Stockholm	C	6	43
Athens	S	21	70	Funchal	S	22	72	Milan	R	9	48	Strasbourg	F	10	50
Bahrain	C	27	81	Geneva	C	8	46	Moscow	C	3	37	Sydney	R	17	63
Bangkok	F	33	91	Gibraltar	F	16	61	Munich	S	7	45	Taipei	C	26	79
Barcelona	F	17	63	Guernsey	F	10	50	Nairobi	C	24	75	Tangier	C	17	63
Beirut	F	24	75	Helsinki	C	7	45	Naples	F	15	59	Tehran	–	–	–
Belgrade	C	6	43	H. Kong	S	25	77	New Delhi	S	26	79	Tel Aviv	S	23	73
Berlin	C	9	48	Innsbruck	S	11	52	New York	F	13	55	Tenerife	F	24	75
Biarritz	C	11	52	Inverness	F	5	41	Nice	C	17	63	Tokyo	S	21	70
Blackpool	F	7	45	Istanbul	F	18	64	Oporto	R	12	54	Toronto	–	–	–
Bordeaux	C	13	55	Jersey	F	9	48	Oslo	C	8	46	Tunis	S	26	79
Brussels	C	7	45	Jo'burg	F	25	77	Paris	C	7	45	Valencia	C	14	57
Budapest	Fg	5	41	Las Palmas	F	24	75	Prague	C	4	39	Venice	C	9	48
B. Aires	R	19	66	Lima	F	22	72	Reykjavik	S	2	36	Vienna	D	3	37
Cairo	F	25	77	Lisbon	F	16	61	Rio de J'o	C	36	97	Warsaw	S	9	48
Cape Town	S	23	73	Locarno	C	9	48	Rome	R	18	64	Zurich	C	6	43
Caracas	C	27	81	London	C	9	48								
Casablanca	R	20	68	Los Angeles	F	26	79								
Copenhagen	C	9	48	Luxembourg	S	9	48								
Corfu	F	19	66	Madrid	F	10	50								
Dublin	C	8	46	Majorca	C	20	68								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

UK urged to rebuild industrial base

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT, IN EASTBOURNE

STRONG calls for the UK Government to support infrastructure projects and recognise the need for a sound manufacturing base were made at the annual conference of the Confederation of British Industry (CBI) yesterday.

Delegates to the employers' organisation argued repeatedly and forcefully that an economic recovery built around growth in the service industries would succeed only if it was supported by a powerful manufacturing sector.

The conference in Eastbourne, Sussex, unanimously adopted a resolution expressing concern at the continuing high level of unemployment and urging the Government to take a more positive attitude towards the construction of much-needed infrastructure projects. A second resolution, declaring that Britain's future is dependent on the restoration of a sound manufacturing base "to which end financial, economic and industrial policies should be firmly directed," was supported overwhelmingly.

Yesterday's debate reflects a feeling among some delegates that the increasingly urgent concern about unemployment which Government ministers have been demonstrating recently may make them more open to suggestions for tackling it than in the past. CBI officials will continue to lobby for the policies agreed yesterday, with the Chancellor of the Exchequer's autumn statement this month the next landmark on the horizon.

Several delegates criticised government policy for giving insufficient attention to the importance of manufacturing. Only one – Mr Denis Cross, of Hambros Bank – spoke against the motion calling for policies to restore a sound manufacturing base.

Conference reports, Page 10

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1984.

SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday November 6 1984

Continental Illinois sells leasing arm to Sanwa

BY WILLIAM HALL IN NEW YORK

CONTINENTAL Illinois, the big Chicago bank saved from failure by a $4.5bn U.S. Government-led rescue package earlier this year, has sold its leasing business to Sanwa Bank of Japan for $50m.

Sanwa, which has assets of $104.6bn and is the fifth biggest bank in Japan, is the latest in a string of Japanese banks to make significant acquisitions in the U.S. financial services industry over the last couple of years.

Last year Fuji Bank agreed to buy two of Walter Heller's commercial finance operations for $425m and Mitsubishi Bank paid $282m for the San Francisco-based Bancal Tri-State, a West Coast banking operation.

Continental Illinois' leasing operation, which has assets of $600m, staff of 150 and seven offices around the country, has been up for sale for some months. In a bid to strengthen its financial position, Continental Illinois has already sold its London merchant bank and announced plans to sell its operations in several European countries.

Mr Masahiko Inoue, Sanwa Bank's senior managing director, said yesterday that "the acquisition of Continental Leasing Corporation (CILC) represents an important step in our efforts to expand both our financial services capabilities in the U.S. and our worldwide leasing operations. CILC has a very broad customer base ranging from Fortune 500 companies to high-tech-companies."

He said that Sanwa could provide the extra capital needed to enable the leasing operation to take advantage of its growth opportunities.

Mr Bernard J. McKenna, CILC's president, will continue in his position and no management changes are anticipated. Sanwa already has branches in New York and Chicago, an agency in San Francisco and a $1.4bn West Coast bank, the Golden State Sanwa Bank.

Apple to lose competitive edge over 'look-alike' software

BY ALAN CANE

APPLE COMPUTER, which is relying heavily on the success of the innovative "Macintosh" machine, is in danger of losing out to 'look-alikes' from other computer companies.

Digital Research, a leading U.S.-based microcomputer software company, has developed a piece of software which makes any business microcomputer look and behave like a Macintosh. Launching the software this week, Mr Paul Bailey, Digital Research vice-president for Europe, described it as "a portable, Macintosh-like environment."

Computer manufacturers in the UK which have agreed to incorporate the new software into their products include ICL, ACT, which makes the fast selling "Apricot", and Acorn, which has developed a range of business microcomputers in the wake of its successful BBC machine.

At least three personal computer manufacturers in the U.S., which have not yet been named, are planning to offer the new Digital Research software, called "Gem."

Apple's Macintosh differs from most other personal computers in the facilities designed to make it simple to operate.

Users give it commands by pointing to small pictures (incons) on the video screen, instead of by typing instructions on the keyboard. The screen pointer is controlled by a small box (mouse) which the user rolls around on the desk top.

The business personal computer market is dominated by IBM and Apple, with IBM steadily increasing its market share. Apple has been counting on the Macintosh, with its incons and mice, to reverse the trend helped by a $100m advertising campaign in the U.S. in 1984. It now has 9 per cent of the U.S. market.

In the UK, where it has been slow to make progress, a £3m advertising campaign has put the Macintosh on television every night demonstrating its "user-friendliness."

Now Digital is threatening to make *all* these special features commonplace to any personal computer. The new software is designed to cope with computer programs written for the IBM Personal Computer and a whole range of personal computers which use similar operating (machine control) software. This means thousands of computer applications.

The Macintosh, however, requires software written to its specifications. The library is growing rapidly, but is still small compared with the vast array of software written for the IBM PC.

Apple said this week that it was flattered by the efforts other companies were making to create Macintosh 'look-alikes'.

"It cost us about $100m to create the Macintosh. I would be very surprised if the Digital Research product comes close to its performance," a spokesman said.

Digital Research is offering its Gem software only to computer manufacturers and systems builders; the product cannot be purchased like a conventional computer program.

Beazer offers £48m for UK group

BY RAY MAUGHAN IN LONDON

C. H. BEAZER (Holdings), the UK building and property group run aggressively by Mr Brian Beazer, yesterday launched its fifth takeover bid of the year with a £48m ($60m) offer, vigorously rejected, for Bath and Portland, the building materials and building group.

The springboard for the bid is a 22.1 per cent holding in Bath and Portland, most of which Beazer picked up last month when it paid £33.4m for M.P. Kent a quoted property developer.

A condition of Kent's original purchase of its shares in September was a clause prohibiting Kent from taking more than 21 per cent within five years of the purchase date. Both sides are now contesting the continued validity of that clause.

Beazer is offering two of its own shares, down 6p at 368p, and 460p in cash for every five Bath and Portland shares, which are consequently valued at just over 239p against a closing market price of 266p, up 41p.

County Bank, acting for Beazer, has underwritten a cash alternative worth 226p per share on the basis of 335p per Beazer share.

Bath and Portland, headed by Mr David Macdonald, a former director-general of the Takeover Panel, described the terms yesterday as "ludicrously inadequate." Its assets were shown at £24m – half the offer price in the October 1983 balance sheet, but the stock market believes that a recent revaluation of Bath and Portland's reserves of stone, sand and gravel will show assets of between 250p and 280p per share.

Pipeline unit sale by Texas Eastern

By Terry Byland in New York

TEXAS EASTERN, the Houston-based energy group with interests in the North Sea, is selling its natural gas delivery operations in the western U.S. It plans to sell its Transwestern Pipeline subsidiary to Houston Natural Gas for $390m in a deal to be finalised shortly.

Transwestern earned more than $35m from sales of $1.1bn in natural gas in fiscal year 1983, representing around a fifth of Texas Eastern's business.

Mr David Bufkin, chairman and chief executive, said the "maximum value" and full potential to shareholders of Transwestern Pipeline would best be realised by its sale.

Texas Eastern will continue to operate its East Coast natural gas operations, which last year delivered 987bn cu ft of gas, compared with 279bn by Transwestern. Much of Eastern's oil exploration and production interests are in the North Sea, where it expects to "continue forward aggressively."

Texas Eastern put Transwestern up for sale last month to reduce its borrowings after its $1.1bn takeover of Petrolane, the leading distributor of liquefied petroleum gas in the U.S. Transwestern's assets at the end of June totalled $715m. Its pipeline stretches 4,400 miles.

Late last month Texas Eastern reported a sharp fall in third-quarter net profits from $56.1m, or $1.08 a share, to $23.7m, or 45 cents.

Renault set to boost van sales in UK

By Kenneth Gooding in London

RENAULT of France expects to boost its van sales in Britain substantially in 1984 – for the second year in succession – increasingly at the expense of UK-based producers. The French company predicts that this year it will sell over 7,000 vans, up by more than 38 per cent from the 5,048 registered in 1983.

Last year there was a rise of 57 per cent from 3,203 in 1982.

The surge follows the phased introduction of Renault's Master and Trafic vans since 1980 at the group's Sovab plant at Batilly, near Metz.

Renault's British subsidiary has become the largest customer outside France for the Master vans, which are in the 2.8 to 3.8 tonnes gross weight category, accounting for about 10 per cent of output.

The UK subsidiary registered 1,103 Master vans last year and expects the total to reach 1,500 in 1984.

It forecasts even better progress with the lighter Trafic vans, in the 1.8 to 2.5 tonnes range. Sales in 1984 should jump to 5,500 from 3,945, according to Mr Ray Thompson, general manager, light commercial vehicles, Renault UK.

This is against a background of falling sales in the 1.8 to 2.5 tonnes sector. By the end of September total registrations had fallen from 59,577 to 55,527 or by 6.8 per cent.

Mr Thompson said that the Renault vehicles were taking sales from the three UK-based companies: BL's Freight Rover (Sherpa), Ford (Transit) and the General Motors Bedford subsidiary (CF van).

He said that the prices of the Master and Trafic vans were very competitive, but insisted "everyone makes a profit." One of the attractions of the French vans is that the prices include as standard fittings many items such as side-loading doors and five-speed gearboxes for which other manufacturers charge extra.

LBI man joins Fuji Bank unit

By Our Euromarkets Staff

Lloyds Bank International has lost a key member of its Euromarkets team just as it is on the point of reorganising its merchant banking business.

Mr Tom Hoffman, director of capital markets and one of the people who took LBI into the Eurobond issue business, is joining Fuji International Finance as deputy general manager and head of new issues and syndication.

The group is the international investment banking subsidiary of the Fuji Bank. Mr A. Yamamoto, deputy general manager, said the group is in the process of expanding its Eurobond issue business.

J.P. Morgan

Third-quarter net charge-offs by J.P. Morgan were $12m, while those for Manufacturers Hanover were $63.1m. The figures were transposed in the table accompanying last Wednesday's feature on U.S. bank results.

MCA earnings decline 23% in third quarter

BY OUR FINANCIAL STAFF

THE DECLINE in net earnings at MCA, the U.S. records and films group that owns Universal Studios, has continued with a 23 per cent fall in the third quarter.

There was a small advance in the latest quarter's figures, reported yesterday by MGM/UA Home Entertainment, which is one of the largest film distributors and is 85 per cent-owned by MGM/UA Entertainment.

MCA profit was down at $35.37m, or 72 cents, from $46.1m or 95 cents in the third quarter, leaving the nine-month total at $76.35m, or $1.57, compared with $122.27m or $2.54. Revenue reached $1.15bn, against $1.19bn, with $413m, against $407m in the latest quarter.

MCA said the setback was primarily due to very disappointing results of theatrical releases. Where earnings for the whole of 1982 were a record $176m, after the release of ET, the Extra-Terrestrial, last year they dipped to $147m.

MGM/UA Home Entertainment finished the year to August 31 with net profit up at $48.55m, or $1.58 a share, from $39.26m, or $1.40, after a rise to $13.06m, or 44 cents, from $11.26m or 38 cents, in the fourth quarter.

Revenue for the year totalled $197.2m, up from $160.7m a year earlier, of which $51.4m, compared with $46.8m, came in the final quarter.

Cruise liner sale to aid DFDS finances

By Hilary Barnes in Copenhagen

THE DANISH shipping company, DFDS, yesterday announced the sale of its 27,000 gross registered tonnage luxury cruiseliner, The Scandinavia, to Sundance Cruises Corporation (owned by the Johnson Line of Sweden, Effoa of Finland and McDonald Enterprises of the U.S.).

The sale will bring about a substantial improvement in the Danish company's ailing finances, improving its cash situation by about DKr 100m ($7.45m) a year from 1986, said Mr Niels Bach, managing director.

The Scandinavia, which was built in 1980-81 for DFDS's failed tourist route between New York and the Bahamas, is to be used by its new owners for cruise operations on the U.S. West Coast. The price of the sale was not disclosed.

DFDS said last month it expected a net loss this year of between DKr 110m and DKr 130m, after losing DKr 326m in 1983.

UK allows Grove bid for Coles Cranes

BY NICK GARNETT IN MANCHESTER

THE BRITISH Government has decided not to refer the purchase of Coles Cranes by Grove Manufacturing, the U.S. crane-builder, to the Monopolies and Mergers Commission.

The Department of Trade and Industry said yesterday that this was in line with advice given by the Director General of Fair Trading that although the purchase gave rise to some concentration in the manufacturing of wheeled cranes over 5 tonnes capacity in the UK, the production of such cranes was international and highly competitive.

The department also considered that further uncertainty arising out of a reference to the commission over a period of several months would jeopardise the UK's crane-manufacturing capability and would not be in the interests of the business and the Coles workforce.

The decision came as a big disappointment to the consortium of eight directors and senior managers which had made an £11m ($13.6m) bid for Coles, formerly part of the defunct Acrow group, and which thought it had virtually secured a deal with the receivers.

Grove, part of the Kidde organisation, which could now have about 16 per cent of the world's mobile crane market and 75 per cent of the UK market, is believed to have offered about £15m.

The statement from the consortium which made representations to the Office of Fair Trading said yesterday that its bid, supported by the workforce, was mounted in the conviction that the future of Coles had to be secured. The support it received from employees, suppliers, customers, and interests in the North-east "strengthened our conviction that what we were doing was right for the company and the region."

While disappointed, the consortium wished Grove "every success." Grove, which has an assembly site in Oxford, says it will continue manufacturing in Sunderland, although it will have to assess the size of workforce required at Coles.

SEC clears official of bribery cover-up

THE U.S. Securities and Exchange Commission has cleared Mr John Fedders, the director of the agency's enforcement programme, of any wrongdoing in connection with his role in a 1977 investigation of the Southland convenience stores group.

Mr Fedders, who did not join the SEC until 1981, was cleared by a vote of the full commission after an internal SEC staff study recommended that he be exonerated.

The study centred on allegations that Mr Fedders, while a private Washington attorney, had helped Southland to cover up evidence that the company had funnelled bribes to one or more officials of the New York State Department of Taxation and Finance to win a favourable ruling in a sales tax dispute.

Mr Fedders had been retained by Southland to help it to conduct an investigation of the suspected bribery plot.

Southland was found guilty by a Federal jury in June of conspiracy to defraud the Federal Internal Revenue Service by planning to bribe state officials. Reuter

Stephens bank in HK move

By Our Finance Staff

STEPHENS INC, a family-owned U.S. investment bank based in Little Rock, Arkansas, has bought the Hongkong Chinese Bank for HK$337.1m (US$43m) from Overseas Trust Bank, the large Hong Kong bank.

The acquisition, through a subsidiary of a Cayman Islands financial holding company controlled by Stephens, is part of a plan by Stephens to expand its banking and finance in the Asia-Pacific basin area.

INTL. COMPANIES & FINANCE

After the RAS deal, Germany's big insurer remains a predator. **Jonathan Carr reports**

Allianz keeps the insurance world on its toes

FOR A MAN who has just pulled off one coup abroad and is plotting another at home, Dr Wolfgang Schieren looks anything but a revolutionary. The slim, dapper chief executive of Allianz Versicherung, West *Germany's biggest insurance* concern, likes tennis and rotary club meetings — and hates publicity. Yet at the age of 57 he is forcing through plans to extend and overhaul his group which Allianz's rivals are watching with shivers of concern.

It is not only Dr Schieren's natural reticence which caused Allianz to deny until the very last moment that it was negotiating a major acquisition in Italy. It is less than a year since Allianz lost its takeover battle for Britain's Eagle Star insurance group, and only a few months since it decided not, after all, to buy the insurance interests of Armco, the diversified U.S. concern. There were clear signs of irritation at Allianz over the "luckless suitor" image it was given here and there, and a determination not to breathe a word about the Italian deal until it was wholly "in the bag."

The third time has proved lucky! Dr Schieren (backed by his fluently Italian-speaking director for international operations, Herr Detlev von der Burg) has won for Allianz *effective control of Italy's* second biggest insurance group. The 38 per cent stake in *Riunione* Adriatica di Sicurta (RAS) being acquired from the Italmobiliere holding company will cost Allianz more than DM 850m ($289m). In other words it is one of the biggest investments ever made in Italy by a West German concern.

Despite that, it would be rash to asume that Allianz no longer has the interest, or funds, to pursue its search for suitable acquisitions in the U.S. and Britain. It is pointed out that Allianz made a clear profit of DM 550m in its battle with BAT Industries for Eagle Star, and that sum covers nearly two-thirds of the purchase price of the RAS stake. Finding the rest of the money, and having plenty left besides, will be no problem for Allianz which last year alone had pre-tax profits of DM 561m, of which DM 379m came from the company's DM 11.1bn-worth of investments.

None the less, Dr Schieren would hardly have sunk that kind of money into RAS only to extend Allianz's, admittedly modest, presence on the Italian market. The real point is that RAS, with its operations in 30 countries, fits perfectly into the strategy of foreign expansion on a broad front which Dr Schieren has been developing for years.

When Dr Schieren took over as chief executive in 1971, only a tiny fraction of Allianz's *premium income came from* abroad. By last year, thanks not least to acquisitions in the U.S. the foreign share had risen to 17.2 per cent (DM 2.6bn from total premium income of DM 15.4bn). The RAS deal helps Allianz take a great leap forward abroad—at relatively little cost. More than half of RAS's L2,400bn (close to DM 4bn) premium income *comes from outside Italy*. In other words, in premium income terms RAS's foreign operations were not far behind those of Allianz. Together, even allowing for cases of overlap and rationalisation, they make a formidable combination.

WORLDWIDE PREMIUM INCOME IN 1983

	DMbn
Germany	12.8
Elsewhere in Europe	0.9
North & South America	1.5
Africa, Asia & Australia	0.2
Total	15.4

Dr Schieren has been forcing the pace abroad above all because Allianz has become too big for comfort at home. It has a domestic market share of around 14 per cent in the life sector and somewhat more than that in non-life business. Efforts to boost its position markedly on either front would fall foul of the cartel authorities.

But it is not only the cartel office guidelines which have made Allianz at home look like a restless giant in chains. In common with all other German insurance companies, Allianz has to conform to rules laid down, and monitored by, the Federal Insurance Supervisory Office. Among other things, these impose limits on the size and types of investments *insurance companies can make* with their underwriting provisions. The underlying principle is that "a cobbler should stick to his last"—that is, insurance companies should not dabble too much in non-insurance sectors with their clients' money.

It is not surprising if Dr Schieren has cast an envious eye at the diversification *carried out by non-German* insurance companies, for example in the U.S., and is aiming for a new group structure which would let Allianz enjoy some of the same advantages.

The mere hint that a new structure of some kind is in the offing has been enough to send the Allianz share price soaring into the DM 1,100s (from a low this year in the *DM 700s*). Much of the stock market speculation about Allianz plans is contradictory and in part goes beyond what German insurance law would permit.

In essence, the question is how much in the way *of funds* does Allianz have available in excess of those legally required to cover the *risks of its insurance activities, and what group* structure can be found to let these *"liberated" funds* perform more effectively. That this raises legal and tax issues of extraordinary complexity is shown by the fact that Allianz has delayed passing on information about what is planned to its own staff, let alone to the outside world.

Just one of the questions is *whether Allianz can find the* right formula by re-forming existing companies in the group, which is likely, or whether a new holding company may be required.

Nor is it yet clear just what aim will be pursued with these "liberated" funds, which could amount to several billions of D-marks. While stock market reports that a gigantic financial holding with several leading banks is planned have been firmly denied, it would seem far from absurd for Allianz to diversify into financial services.

But this raises another tricky problem. Competing commercial banks (including Deutsche, Dresdner and Bayerische Vereinsbank) have stakes in Allianz and seats on the supervisory board. *A diversification* into financial services by Allianz which seriously encroached on the interests of any of these banks, let alone all of them, would be decidedly ticklish to push through—even for Dr Schieren.

It would be surprising if this particular Gordian knot at Allianz were untied by the time of the next supervisory board meeting next month. But then Dr Schieren is a very determined man—and is always good for a surprise!

Triumph-Adler talks with IBM on typewriter link

BY JOHN DAVIES IN FRANKFURT

TRIUMPH-ADLER, the West German office equipment company, has been holding talks with IBM, the U.S. computer and typewriter group, about the possibility of co-operation.

IBM is believed to be interested in enlisting Triumph-Adler as a supplier for the production of certain electronic typewriters.

Both Triumph-Adler and IBM's West German subsidiary confirmed yesterday that talks had taken place, but declined to give any details.

Electronic typewriters are one of the basic strengths at Triumph-Adler, along with microcomputers. The company, which was taken over by Volkswagen, West Germany's biggest motor vehicle concern, in 1979, has been going through major restructuring in a bid to return to profitability.

There has been speculation about a possible deal since the talks became known in trade circles.

The discussions are thought to have covered the prospect that Triumph-Adler would supply modified compact machines for use in the production of IBM models, to be sold in various markets, including the U.S.

Triumph-Adler has been stepping up electronic typewriter production this year, despite being caught up in the metal-workers' strike over shorter working hours in May and June.

Output of its Frankfurt and West Berlin electronic typewriter factories is expected to be well over half a million this year, compared with about 450,000 last year.

It claims to supply one-sixth of the world's electronic typewriter market and to have nearlya third of the office electronic typewriter segment of the market in West Germany.

Strong third quarter for Akzo

BY OUR FINANCIAL STAFF

AKZO, the Dutch chemicals and fibres group, reports an increase of more than half in net profits for the third quarter of 1984, and is stepping up its interim dividend.

After tax, profits for the quarter have risen from Fl 112m to Fl 177.4m ($63.4m) to extend *the strong gains shown halfway* through the year. For the nine months net profits are Fl 570m, against Fl 284m.

The interim dividend is going up from Fl 1 a share to Fl 1.50 on capital increased by the March rights issue. For 1983, shareholders received a total payment of Fl 4.

Turnover for the quarter made only modest progress, rising from Fl 3.75bn to Fl 3.92bn. But trading margins are still moving in Akzo's favour and operating profits rose by almost a quarter to Fl 296m.

Nine-month turnover was Fl 12.2bn, against Fl 11.1bn, and operating profits increased to Fl 890m from Fl 574m for the first nine months of 1983.

Earlier this year Akzo forecast that net profits for the whole of 1984 would emerge well ahead of the Fl 428m returned for 1983.

The 1984 third quarter performance has been boosted by lower interest payments and an extraordinary credit of Fl 2.8m, compared with a Fl 33m debit in 1983. The tax charge for the quarter was higher, however.

In the third quarter, the chemical products division, pharmaceuticals, miscellaneous products and synthetic fibres, with the exception of American Enka, contributed to the profit increase. Operating income in coatings and consumer products was reduced.

Heavy overseas demand for Statoil's bond issue

BY FAY GJESTER IN OSLO

A NKR 300m BOND floated by Statoil on the Norwegian market late in October attracted subscriptions totalling NKr 1.4bn ($162.6m). Foreign investors showed keen interest while Norway's three leading commercial banks subscribed about NKr 300m each. Subscriptions from other Norwegian commercial banks totalled NKr 23m.

The five-year bond, with repayment in full due in November 1989, carries a 12.25 per cent coupon. It is the second bond loan the state oil company has raised on the Norwegian market this year.

Of its 1984 borrowing requirement, estimated at about NKr 11bn, Statoil has so far raised about NKr 6.1bn—NKr 600m on the domestic bond market and the rest as direct loans from the state or as export credits. Its needs next year will be considerably smaller than this, because of increased income from the Statfjord field, in which it has a 42 per cent stake, and partly because of the planned reform of Statoil's economic role.

Adolph Saurer expects to show a profit

By John Wicks in Zurich

ADOLPH SAURER, the Swiss engineering concern, expects to return to profits this year, after losses in each of the past five years.

The group, which has carried out a major re-organisation centred on the divestment of motor-vehicle manufacturing activities, has this year profited from the upswing in international demand for weaving and twisting machines. Sales have also been boosted by the accelerated delivery of an army vehicle order from the Swiss Defence Department.

In the first nine months, these factors by far outweighed sluggish business in embroidery machinery and led to a 26.1 per cent rise in group turnover to SwFr 391.4m ($157m). New orders were up for the period by 12.9 per cent to SwFr 298.4m.

● Swissair, Switzerland's national airline, expects that 1984 profits wil be about the same as last year, when net profits rose 46 per cent to a record SwFr 56.2m after a 4.4 per cent rise in revenue to SwFr 3.7bn.

Fanuc sees record profits after 34.5% interim rise

BY YOKO SHIBATA IN TOKYO

REFLECTING brisk private capital investment, Fanuc, the world's largest manufacturer of numerically controlled (NC) equipment for machine tools, posted a 34.5 per cent jump in pre-tax profits to Y25.8bn ($107m) for the half year to September on sales up 30 per cent to Y68bn. Net profits were 40 per cent higher at Y12.2bn.

Strong demand for NC equipment is expected to continue in the current half, and this should offset heavier amortization costs resulting from the construction of a new NC equipment plant. The company expects to post record earnings for the full year.

Famuc, operating at full capacity, is currently producing 4,000 NC units a month, up from 2,800 units in the same period of 1983. Sales of NC equipment for the half year rose by 30.8 per cent in value to account for 83 per cent turnover. Exports jumped by 45 per cent to account for 38.8 per cent of which direct exports advanced by 45.1 per cent to account for Y19bn. This was helped by brisk gales of industrial robots to the U.S. including shipments to GM Fanuc, a joint venture with General Motors. Exports of Fanuc NC systems to be incorporated in other makers' machine tools rose by 44.9 per cent to Y7.4bn.

The increase in NC production improved the company's cost-to-sales ratio by 1.4 per centage points to 51.4 per cent and this contributed to the good earnings performance.

For the current half year production capacity is expected to expand to 5,000 units a month, thanks to the transfer of production facilities from Tokyo's Hino-plant to a new plant in Fuji. The introduction of new NC equipment models, which are said to be priced very competitively, and increased efficiency are expected to boost earnings.

Fanuc has between 40 and 45 per cent of the world market in NC equipment and in European countries, the company has had little competition since its tie-up with Siemens of West Germany and the retreat by Philips and Robert Bosch from the field. Fanuc expects increased demand from European machine tool makers in the current half year, following the rise in interest from U.S. and domestic manufacturers.

Full-year pre-tax profits are projected at a record Y47.3bn, up 13 per cent, net profits at Y22.7bn, up 16 per cent and sales at Y139.6bn, up 20.9 per cent.

● **Ishikawajima-Harima Heavy Industries**, Japan's second-largest heavy machinery manufacturer, has reported profits down by 15 per cent to Y9.3bn ($38.5m) before tax and extraordinary items, for the six months to September 30, against the prior year's interim Y11bn. Net profits fell from Y5.71bn to Y4.69bn on sales up from Y390.19bn to Y406.3bn.

The company said the sluggish performance reflected in part increased research and development expenditure. The interim dividend is being held at Y2 per share.

NZ insurance group well ahead midway

BY OUR FINANCIAL STAFF

NZI, THE New Zealand insurance and financial services group, has reported a 53 per cent increase in consolidated net earnings for the six months ended September 30 from NZ$24.7m to NZ$37.8m (U.S.$18.7m). Gross revenues during the period were NZ$518.2m, up by 28.7 per cent on the first six months of 1983.

The company said that the *devaluation of the New Zealand* dollar by the new Labour government had "materially contributed" to the increase. It also brought about a large increase in NZI's offshore net assets, overseas insurance exposures, and capital needs.

From April 1, however, the group has introduced a new accounting policy to take net gains and losses arising from foreign exchange fluctuations directly to reserves rather than through the earnings statement. For the six month period, these fluctuations came to a total of NZ$67.8m.

Reviewing its business in detail, NZI says that past measures in its general insurance division to improve underwriting out-turn and to reduce costs have helped substantially to improve business, with Australia, New Zealand, Malaysia, and Hong Kong all contributing. No profit breakdown for the division was given.

In the life insurance division, operating earnings of NZ$1.5m were reported, while finance companies provided operating earnings of NZ$3.9m, up 77.3 per cent from 1983. Disposals by the division contributed a further NZ$6.4m.

● New Zealand Steel has reported a 118 per cent jump in after-tax profit for the half year ended September 30 to NZ$15.5m from NZ$7.1m the previous year **Dai Hayward adds from Wellington.**

NZ Steel is the country's only steel producer, making a wide range of domestic and export products. It also exports iron sand concentrate to Japan.

The directors say last year's result reflected low demand from the domestic market, but sales for the first six months of this year were NZ$198.6m compared with NZ$135.5m. The company has announced an interim dividend of eight cents, compared with three cents last year.

Mayne rejects APM bid

By Michael Thompson-Noel in Sydney

MAYNE NICKLESS, the Australian-based transport, security, and computer services concern, yesterday officially rejected a A$128m (US$109m) partial takeover offer by APM, a diversified manufacturing group.

The company said the APM bid was unwelcome, inadequate, and opportunistic, and that a poll of shareholders showed that fewer than one in 100 plan to accept the offer.

APM is offering to buy up to 40m Mayne Nickless shares at A$3.20 cash each, ex-bonus, equivalent to A$3.52, including the recent 1-for-10 bonus. Alternatively, it is offering seven APM shares for five Mayne Nickless ex-bonus.

Mayne Nickless, which has security and armoured car interests in the U.S., maintains that its shares are worth more than A$5 each. It says the offer has "no business or commercial logic," and is forecasting a 45 per cent increase in net profit to A$37m for the year to June 30 1985. Since the offer was announced, Mayne Nickless shares have consistently traded well above the offer price.

Merger plan by two Norwegian banks

BY FAY GJESTER IN OSLO

UNION BANK OF Norway, a commercial bank owned jointly by most of Norway's savings banks, is to merge with Sparebanken Oslo Akershus (SOA), a leading Oslo savings bank, creating a new institution which will be Norway's fourth largest bank. The merger will be effected by formally winding up the two existing banks and the establishment of a new one.

Plans for the merger, announced yesterday by the boards of Union and SOA, are expected to be approved within the next fortnight by their respective governing bodies. The consent of the authorities will also be required, since Norway's banking laws will have to be revised to permit the merger of a commercial bank with a savings bank. Official approval is expected, though the necessary legal changes could take about a year. Meanwhile, once the two banks' governing bodies have assented to the link-up, their managements will begin to co-ordinate activities.

Since the new bank—as yet unnamed — will be a savings bank, it will have no share capital. The savings banks which are now shareholders in Union Bank wil receive "basic fund bonds" in exchange for their shares, in an amount corresponding to 150 per cent of the par value of the Union Bank shares which they hold. Union's share capital is NKr 193.5m (U.S.$22.5m). Annual interest on the bonds will vary.

Mr Olav Eikeland and Mr Ove Fløtaker, the respective managing directors of Union and SOA, will be joint managing directors of the new bank, which will have total assets of NKr 26bn, will employ 2,400, and will have 108 branches in the Oslo/Akershus county area, as well as regional branches in seven other Norwegian cities and towns. Abroad, it will retain the representative offices in London, New York, Stockholm, Helsinki, and Copenhagen now operated by Union. In Luxembourg, where Union now has a stake in Banque Nord-Europe, a consortium bank, the new bank will withdraw from Nord-Europe and establish a wholly-owned subsidiary instead.

Advance in midterm sales and earnings for Sharp

BY ROBERT COTTRELL IN TOKYO

SHARP, the Japanese electronics manufacturer, has reported record parent company profits of Y30.85bn ($128m) before tax and extraordinary items for the six months to September 30, an increase of almost 23 per cent over the Y25.22bn reported at last year's interim stage.

For the full year, Sharp is forecasting parent company profits of Y64bn before tax and extraordinaries, and net profits of Y34bn on sales of Y910bn. Last year, the company achieved pre-tax profits of Y52.17bn, net profits of Y29.14bn net, and sales of Y756.56bn. Sharp is raising its interim dividend from Y5 to Y5.5, and plans a similar increase in the final distribution, making Y11 for the year.

Sales for the half year under review totalled Y446.76bn, an increase of 22 per cent over the Y366.62bn achieved in last year's first half. Reviewing its divisional sales breakdown, Sharp says electronic equipment sales rose by 25.9 per cent to Y151.96bn, electrical appliance sales by 23.6 per cent to Y91.78bn, industrial machinery and electronic components by 21.5 per cent to Y155.15bn, and audio goods by 8.7 per cent to Y47.88bn.

● **Nippon Oil**, Japan's largest primary oil distributor, recorded a turnround from last year's Y7.4bn interim loss to a parent company profit of Y8.23bn ($34.1m) before tax and extraordinary items for the six months to September 30.

The company expects full-year profits to Y33bn before tax and extraordinary items, compared with Y25.2bn for 1983-84.

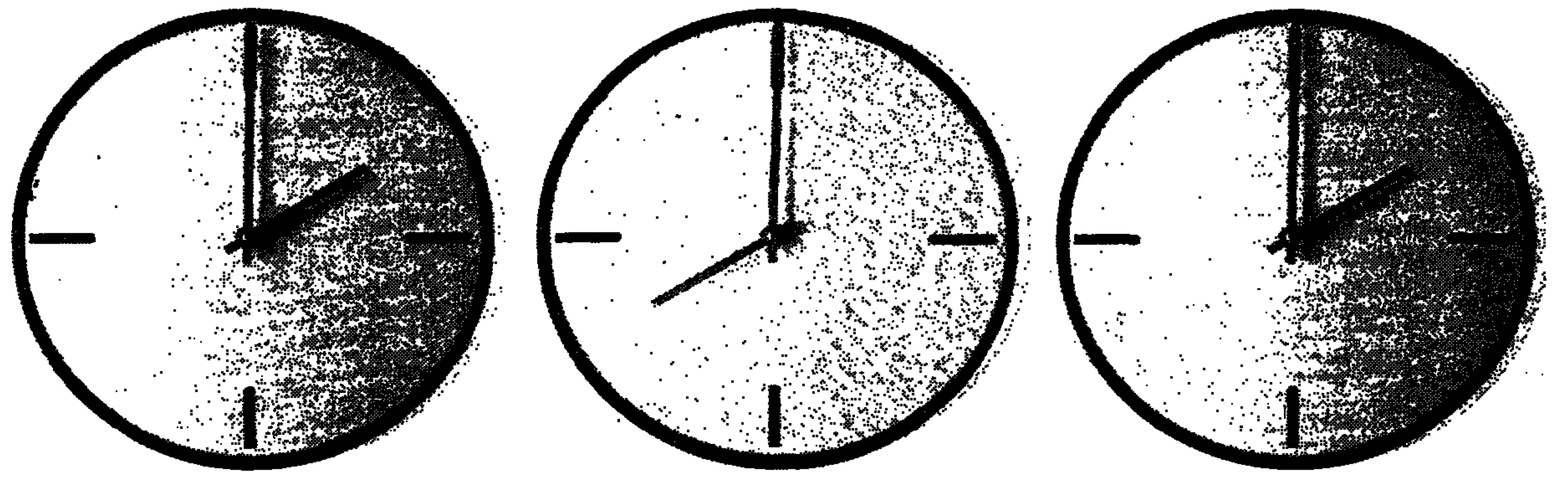
More bank licences in Bahrain

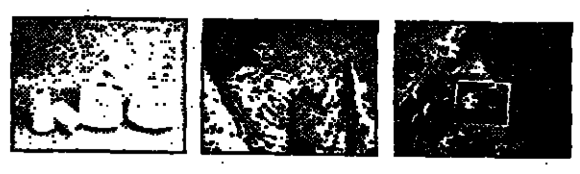
BY MARY FRINGS IN BAHRAIN

THE Bahrain Monetary Agency has awarded four new banking licences.

Bank Negara Indonesia 1946, which has had a representative office in Bahrain for the past 18 months is now licensed as an offshore banking unit (OBU).

Representative offices will also be opened by Robert Fleming Holdings, the holding company of Robert Fleming and Co, a recognised UK bank and a member of the Accepting Houses Committee, by Robert Fleming Investment Management, by Smith Barney Harris Upham, the U.S. registered securities broker and financial adviser, in which at least two Gulf investment groups have minority shareholdings and by Tokai Bank, one of the biggest Japanese commercial banks.





BIDS AND DEALS

E. Lancs forecasts sharp rise in profits

By Alexander Nicoll

East Lancashire Paper Group, seeking to ward off a £3.3m bid from **British Syphon Industries**, yesterday predicted that a planned reorganisation of its paper-making mill would dramatically boost profits in the first half of 1985.

East Lancashire forecast pre-tax profits of £47,000 for the whole of 1984, with a £700,000 estimated profit from its merchanting division offset by losses in paper manufacture. The 1984 profit estimate is before extraordinary losses of about £1m relating to the closedown of three fine paper machines.

The reorganisation—agreed in principle with unions and currently subject to negotiation—involves the introduction of a five-shift system running continuously on the two remaining fine paper machines and two existing packaging paper machines; 140 jobs will be lost.

East Lancashire forecast that these measures, budgeted to improve margins by £1.4m per year, will allow the company to show a £937,000 pre-tax profit in first half 1985. It promised to restore the dividend for 1984 to the 3.5p paid in 1982.

Earlier this year East Lancashire omitted its interim dividend after last year paying an interim of 1.66p and a final of 0.84p.

Mr Brian Cox, the paper group's chairman, said acceptance of the BSI bid would produce a reduction in income and that BSI "doesn't have a lot to bring to the company in terms of management skills or industrial logic."

Mr Bryan Morrall, chairman of the drinks dispensing group, criticised East Lancashire for first passing the dividend, and then expressing such great optimism only a short time afterwards.

"To forecast £937,000 profits out of what is purely a reorganisation is flying a bit of a kite," Mr Morrall said. East Lancashire's management, he added, was groping at ways to improve productivity but missing great potential for growth.

BSI, which failed earlier this year in a bid for floor covering group James Halstead, is offering one of its shares, yesterday worth 79p, up 1p, or 80p in cash for each East Lancashire share, which also ended yesterday at 79p, up 4p. BSI already holds 16 per cent of the paper group. First closing date for the bid is Friday.

Cullen's shares halted as talks get underway

BY ALEXANDER NICOLL

Cullens Stores, the loss-making chain of grocery, wines and spirits stores, yesterday announced for the second time this year that it was involved in talks with an unidentified party which could lead to a bid for the group.

Trading in Cullens' shares was suspended yesterday because its interim results are due. The approach, it said, would "necessitate the dissemination of up-to-date and price sensitive trading and information to a wider audience."

Market speculation about the identity of the possible bidder centred on Mr Lewis Cartier, who sold his supermarket chain, Cartier Superfoods, to Tesco in 1978. He failed earlier this year with a bid for 52 per cent of Maynards, the retailer and confectioner, and is believed still to be seeking a publicly-quoted retail group.

L. Messel, the stockbrokers acting as corporate finance advisers to Mr Cartier, declined to say yesterday whether he was involved in talks with Cullens, which is being advised by Barclays Merchant Bank.

Cullens, valued at £6.3 mat the suspension prices, has a split capital structure which gives more than 50 per cent of votes to the Cullen family and a pension fund of which family members are trustees.

Cullens operates more than 100 stores in London and the South-East; the majority are licensed. Although the company has been seeking to expand into large stores, called Cullens Markets, most ef its shops are small and expensive to supply.

The small size of mist Cullens' stores is believed to have deterred larger retail chains from showing interest in the company.

Cullens, which puts emphasis on high quality goods, reported increased turnover in the year ended February 29, 1984, at £30m against £21.1m. But there were losses of £63,000 pre-tax against profits of £198,000.

Memec further expands its W. German activities

Memec, a distributor of high technology electronic components, microcomputer systems and peripherals, has entered into an agreement to acquire 85 per cent of IST Sales and Trading GmbH.

Maximum consideration will be DM 5.1m (£1.38m), part of which will be satisfied by the issue of new Memec shares to a maximum value of DM 2.1m (£0.57m) to be retained by the directors of IST.

The German company, based in Munich and founded in June, 1982, is a specialist distributor of rotating memory and controller products.

Turnover and pre-tax profits of IST for the year ended December 31 1983 were DM 4.04m (£1.09m) and DM 540,000 (£146,000) respectively. The directors have indicated to Memec that they expect turnover and pre-tax profits for the 1984 year to be at least DM 1m (£2.99m) and DM 1.3m (£351,000) respectively.

The acquisition represents a further expansion of Memec's activities in the West German market following the acquisition in June, 1984 of Electronica, a component distributor operating in Hamburg and Munich.

The directors of Memec consider that West Germany represents an important market for high technology products.

Memec has an option to acquire the balance of IST by 1990 based on the company's profits.

Home Farm in £515,000 acquisition

Home Farm Products, a Sheffield-based pork and bacon producer, is spending over £500,000 on acquiring a private company, **Bowlers Potted Meat**, which manufactures a range of potted meats and distributes meat products to small retailers within a 50 mile radius of Sheffield and Leeds.

The principal reason for the acquisition it that it creates an opening for Home Farm in the van distribution network servicing small outlets. Until now the company has focused its attention on larke stores such as BHS.

An earlier attempt to move down into van delivery on a local basis was unsuccessful. Bowlers has around 25 vans, and Home Farm will be able to use these to promote its own products towards small retail outlets which until now had been too small for the company to supply effectively.

The acquisition will cost £515,000 covered by the issue of 66,666 ordinary shares—worth £44,000 at last night's closing price of 66p—with the balance in cash.

Bowlers' net assets for the period ended 1983 amounted to £409,505 which included cash balances of around £300,000. Net profits before tax in the year were £102,189 which took in about £30,000 of investment income.

Fitch Lovell purchase

Fitch Lovell has acquired Frozen Foods (London), a long established distributor of Bird's Eye products, for £2.2m in cash and shares.

FFL, which trades as Castle Frozen Foods, has a developing national business in the packing and distribution of frozen food hampers, and trading profits for the year to end-September, 1984 are estimated to be in excess of £325,000.

Its net assets at its financial year end are estimated to be in excess of £800,000, including cash resources of over £1m.

Mr Geoffrey Hankins, chairman of Fitch, says that "Castle is another step in the expansion of our frozen food distribution activities based on Hedges and Blue Cap Frozen Foods. Castle has a good profit record and its acquisition will further extend our geographical coverage."

Consideration for the deal has been satisfied by 400,000 ordinary 20p shares, worth £689,200, in Fitch and the balance in cash. Fitch will pay a further cash sum not exceeding £300,000 when FFL's accounts for 1983-84 have been audited.

L. Texas Petroleum

L. Texas Petroleum has entered into negotiations with a privately held U.S. corporation with a view towards a possible agreement on a combination of the two companies. None of the substantive terms of the agreement has been finalised, but the company expects negotiations to move rapidly and plans to release information on terms as they develop.

Because of the size of the other party the Stock Exchange has granted L. Texas Petroleum's request that its shares be suspended.

* * *

Grattan has acquired a Scottish credit reference agency from Westcot Credit Services. This acquisition is aimed at strengthening the group's credit referencing facilities.

BIDS AND DEALS IN BRIEF

GRA, through its wholly-owned subsidiary GRA Developments, has sold 100,000 ordinary shares in **Southend Stadium**. The holding becomes 500,000 shares (17.67 per cent of the issued ordinary capital or 18.61 per cent of the total voting capital).

* * *

Acceptances have been received from shareholders of the **Cafe Des Amis** for the offer by **Kennedy Brookes**, in respect of 33,790 shares (100 per cent).

* * *

The board of **Ireland Yard Investments** has announced that the acquisition from **Harvard Securities** of 500,000 ordinary shares in **Tarag Growth Holdings** was completed on October 23 1984. In addition, acceptances have now been received in respect of 1,010,500 Tarag shares (representing 40.4 per cent of the issued share capital).

There were no Tarag ordinary shares held by Ireland Yard prior to the offer period and the shares acquired, or agreed to be acquired, by Ireland Yard during the offer period—which comprised solely of the shares acquired from Harvard Securities—amounted to 500,000 shares (20 per cent).

The offer is now unconditional and it will remain open for acceptance until further notice.

* * *

At an EGM of **Blockleys** a special resolution was approved authorising issue of 215,000 ordinary shares of 20p each at 500p per share. As known, the net proceeds of £1m are to be used to finance part of a £5.6m estimated cost of a new factory and plant to manufacture simulated hand-made oricks.

Under the terms of an agreement placing the 215,000 shares, existing Blockleys' shareholders have subscribed for 81,875 ordinary and a number of institutions the balance of 133,125 ordinary shares.

The shares subscribed for by existing shareholders represent 70 per cent of shares available to shareholders who had not previously undertaken not to apply.

* * *

The merger between **Coles Cranes** and **Grove Manufacturing Company** is not to be referred to the Monopolies Commission.

* * *

Norton Opax has agreed to acquire 75 per cent of the capital of **Manor House Press** for £437,500 satisfied by the issue of 350,000 ordinary shares and cash. The deal is due for completion on November 8 and 277,500 of the shares are being placed with institutions on behalf of the vendors.

Manor House (of London N4) has been trading since March 1983 and produces year-books and other publications. For the 17 months ended June 30 1984 it expects to make pre-tax profits of some £74,000 on a turnover of £445,000.

The acquisition is a further step in Norton's plan to diversify into specialised print-based media sales. Its main activities are the production of lottery and fund raising tickets (Norton and Wright), cheque books, and

* * *

Foseco-Minsep says that, through its Unicorn sector, a wholly owned subsidiary has sold its 50 per cent interest in **Carborundum Universal, South Africa**.

Consideration is £4.2m in cash and the estate value of attributable net assets is £3.2m.

* * *

Documents have been posted containing details of the remodified scheme of arrangement whereby **George Williamson** proposes to acquire the shares of **Romai Tea Holdings** not already owned for £11.25 cash per share.

* * *

Torchmark has reached agreement in principle to accelerate the terms of an earlier contract to acquire 9.9 per cent of its own common stock currently held by American General Corporation.

BASE LENDING RATES

A.B.N. Bank	10½%	Heritable & Gen. Trust	10½%
Allied Irish Bank	10½%	■ Hill Samuel	§10½%
Amro Bank	10½%	C. Hoare & Co.	†10½%
Henry Ansbacher	10½%	Hongkong & Shanghai	10½%
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10 %	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶11½%	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Westpac Banking Corp.	10½%
Consolidated Credits	10½%	Whiteaway Laidlaw	11 %
Co-operative Bank	*10½%	Williams & Glyn's	10½%
The Cyprus Popular Bk	10½%	Wintrust Secs. Ltd.	10½%
Dunbar & Co. Ltd.	10½%	Yorkshire Bank	10½%
Duncan Lawrie	10½%		
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser & Ptns.	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%, 1 month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.
† 7-day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.

UK COMPANY NEWS

AB Foods shows progress without Premier

Associated British Foods, the Allied Bakeries, Fine Fare and Twining tea and coffee group, saw its trading surplus rise from £37.6m to £46.1m over the six months to September 29, 1984.

The comparative figures were struck after stripping out a three months' contribution from the Premier Group, which was sold in June 1983.

This was done in order to facilitate comparisons with the continuing activities of the group.

At the pre-tax level profits emerged at £53.6m after deducting interest of £2.6m and adding in investment income of £10.1m. In the six months to October 1 1983, pre-tax profits totalled £54.9m. This included a £12.4m contribution from Premier for the three months to June 30 and investment income of £7.9m. Interest took £3.

Excluding Premier worldwide sales increased by £153m (or 12 per cent) to £1.44bn.

Mr Garry Weston, the chairman, says the group's strong cash flow enabled it to minimise borrowings — this was reflected in lower interest charges for the first six months.

He tells shareholders that the directors are confident that the satisfactory start made by the operating divisions at home and overseas will continue into what is traditionally the more profitable half of the year.

The chairman cautions however that they are conscious that the higher effective rates of tax charged will continue to have an adverse impact at the net profit level.

Tax for the opening half took £20.5m (£16m) and left earnings 0.4p lower at 8p per 5p share. Nonetheless, the interim dividend is being lifted from 1.6p to 1.7p net — a final of 3.4p was paid previously.

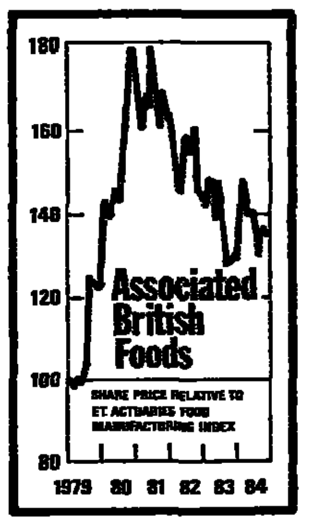
Although capital expenditure was maintained at a high level the UK tax charge rose from £6.6m to £12.1m following the reduction in capital allowances and the withdrawal of stock relief.

After providing for group tax and substantially lower minority interests (£1.1m, against £5.4m) attributable profits emerged £1.5m behind at £32m.

There were extraordinary credits of £3.7m (£1.1m) relating to the profit on sales of properties.

The lower level of investment income was caused by the volatile conditions which persisted in the bond and short-term money markets, particularly in the early months of the half year. Mr Weston says this was disappointing when compared to the high rates of return achieved last year.

In the UK sales overall increased by 9 per cent, the principal contribution coming from the group's retail divisions where a sales increase of 12 per cent was achieved.



All the main manufacturing divisions reported satisfactory growth in turnover for the period with the exception of the bakery division which remained static in a highly competitive market.

Trading profits in the UK increased from £25.8m to £31.5m. While the major part of this increase was achieved by the group's retailing activities, improved results were also reported by the majority of the company's manufacturing divisions.

Overseas sales at £350m, and trading profits of £14.6m, showed increases of £60m and £2.8m respectively. Currency realignment accounted for £24.4m of the increase in turnover and £1m of the increase in profits.

In Australia, George Weston Foods increased sales and trading profits by 11 per cent despite continuing losses from the New South Wales bread operation. Since the end of the half year the company's poultry operations, which had adversely affected the group's results, have been sold.

See Lex

HIGHLIGHTS

One of the last of the leading independent London stock brokers gave up its freestanding status yesterday as Phillips & Drew took the Union Bank of Switzerland as a 29.9 per cent shareholder. The Lex column looks at the deal which links one of the top five City brokers with one of the world's leading banks before moving on to comment on the latest bid moves by the acquisitive building group, C. H. Beazer. Before the ink is dry on its acquisition of M. P. Kent, Beazer is using the platform of Kent's 22 per cent stake in Bath and Portland to launch a bid for the West Country cement group. Finally Lex looks at the interim figures from Associated British Foods.

Applied Computer doubles profits and expanding in U.S.

DOUBLED INTERIM profits and dividend together with details of further expansion in the U.S. have been announced by Applied Computer Techniques (Holdings).

The six month period to the end of September 1984 saw sales advance from £20.02m to £35.74m and profits before tax rise by 110 per cent to £3.81m against £1.81m.

Shareholders are being rewarded with an interim dividend of 0.35p compared with 0.167p, which has been adjusted for a two-for-one scrip issue. The dividend is covered nearly 12 times by stated earnings per share of 4.13p against 3.11p.

The group is principally engaged in the manufacture and supply of business computer applications. It also manufactures and distributes microcomputers and software, and designs and installs on-site computer systems.

ACT is planning major new distribution arrangements for its microcomputer products in the U.S. Apricot Inc, a new company, has been formed in the U.S. and has entered into exclusive agreements with an established nationwide sales organisation.

The organisation, not named by ACT, handled the major part of the sales representation for Apple in the U.S. over the three years to end September 1984.

ACT will hold around 20 per cent of Apricot's initial capital of $20m (£15.8m).

Proposals are being finalised to raise the balance of the funds required for working capital and to finance the "considerable" initial promotional expenditure planned in the U.S. rom ACT's own shareholding and institutional investors. Full details of the proposals are expected to be announced next Monday.

The directors say that the increase in sales volume and improved profit margin reflects the market reception to ACT's Apricot product line both in the UK and overseas. The results were achieved despite substantially reduced sales of Sirius machines.

Nearly all divisions performed well, notably the manufacturing side where its consistent profitability was the main factor in the overall improvement of group profit margin.

Net profits for the period came out at £2.1m (£1.26m) after tax of £1.7m (£0.55m).

● comment

ACT's more than doubled taxable profits did little to assuage the market's disappointment over the sales figure, which at £35.7m makes it difficult to see how the group can meet its earlier indications that full-year turnover should top £100m. The shares dropped 10p, but recovered to 265p—5p down for the day—as the implications of the new U.S. distribution arrangements sank in. The deal gives ACT access to a network forecast to distribute $150m worth of Apricots and make a profit of $15m in three years—an opportunity thrown up by Apple's recent decision to replace its outside dealers with an internal sales force. If the arrangement does come up to scratch, then ACT has the option to take a majority stake in Apricot Inc. But if it falls into one of the many pitfalls of the U.S. market, the risk to ACT's British shareholders is limited to a write-down on its 20 per sent investment and possible dilution as Apricot Inc investors exercise their option rights. At any rate, the deal makes an innovative contrast to the go-it-alone approach adopted in the U.S. by groups like Acorn.

Bronx hit by shortfall in orders

IN A first half undermined by short-time working and very low output, Bronx Engineering Holdings has seen turnover fall by nearly £4m and has sustained a loss of £716,648.

The taxable deficit for the period to May 31 1984 compares with a profit of £108,509 last time and came out of group turnover sharply down at £2.39m against £6.27m. Mr C. B. Crosthwaite, the chairman, says that due mainly to the continued world-wide recession in the industries served — press, bar, tube and plate and pipe finishing —the company experienced the most acute shortage of orders in its history.

The company was honoured in the 1984 Queen's Award to Industry for export achievement, recognising its efforts in gaining orders in the preceding years.

In view of the results there is no interim dividend. Last year's payment was 0.25p for a total of 1.04p net per share. Payment of a final dividend will depend upon the trading result in the second half and the outlook for next year, when a small first half profit may be earned.

Stated losses per share are 5.73p (profit 0.76p).

The directors add that increases in order levels in the latter part of the period under review have enabled full time working to be restored, with a resultant rise in turnover. The indication for the second half is that the company will reach a break-even level.

Forties interest lifts Berkeley Exploration

OVER THE first half of 1984 Berkeley Exploration and Production has shown a substantial improvement in its finances following the acquisition of an interest in the Forties Field. It has turned in a pre-tax profit of £1.16m, compared with a loss of £130,000 previously.

Mr Andrew Wilson, chief executive, says the company has now achieved a balance of production, appraisal and exploration interests. Cash flow generated by Forties production gives "considerable scope" for increasing exploration expenditure, which in turn can bet set against the tax charge of PRT and Forties production. Tax for the half-year was £1.59m (£11,000) to leave a net loss of £425,000 (£141,000).

Substantial growth of the company cannot be achieved solely by acquisition of new licences, he points out, so it is actively generating new exploration and appraisal prospects which should combine real exploration potential with the opportunity to reduce the current level of taxation.

Although drilling plans for 1985 are not yet complete "we are confident that we should maintain a steady increase in activity over a variety of our onshore and offshore plays," Mr Wilson states.

Turnover in the half year was £4.24m (£52,000) and comprised amount billed for oil and gas supplied from Forties before deducting royalties. Cost of sales reached £2.25m (£41,000) of which about half is represented by amortisation and provision for abandonment of Forties, the balance being made up of royalty and operating costs of Forties.

Exploration costs are initially capitalised and then amortised against production, and this amortisation charges for most of other operating losses shown at £432,000 (£81,000). The loss attributable to shareholders was £199,000 (£136,000) equal to 1.95p (1.37p) per share.

In the first half the company participated in wells on both its Eighth Round blocks, 14/8 (Berkeley 6 per cent) and 49/5 (Berkeley 10 per cent). Ultramar, the operator, has announced that well 49/5-2, which is situated in the Southern Gas Area, tested three zones, one of which flowed gas at a maximum rate of 39m cubic feet per day.

Interest in the area has since remained high with BP's recent well on the adjacent block 49/4.

To the East of block 49/5 the company has a licence application pending in respect of Dutch acreage.

Many months of preparatory work will culminate shortly in an important appraisal well on the gas discovery on block 48/18B.

A number of operators have recently advocated the potential of the Southern gas area for supplying the country's gas needs from indigenous sources rather than imported gas.

Berkeley has a 19.7 per cent interest in blocks 48/18B and 19B, and any decision to develop this area "would clearly have a substantial impact."

Since the beginning of year, paring for bidding in the ninth Berkeley has been active in preround as a member of several attractive bidding groups.

Bridport rises 58% to £1.6m

A SURGE in second half profit at Bridport-Gundry, the netting and cordage manufacturer, has pushed up the total for the year ended July 31 1984 by 58 per cent from £585,000 to £1.59m. The dividend is raised from 3.23p to 4p net with a final of 2.75p.

The current year should be another good one, the directors forecast. Each of the group's businesses this year seems to be moving forward in terms of profitability, although an increase in orders is not reported everywhere.

In the first half of 1983-84 the profit showed only a £91,000 increase to £394,000, because of a delay to substantial deliveries to the American and British governments. But the directors expected the situation to be redressed in the second half.

Turnover expanded by £3.7m to £23.9m and gross profit by £1.14m to £5.9m. The 18 per cent increase in turnover includes growth of 23 per cent from the overseas companies; after adjusting for exchange rate differences the overall rise becomes 14 per cent, which is the same rate as for the previous year. Overseas companies lifted their turnover in local currencies by 8 per cent.

Distribution costs were some £0.43m higher at £2.51m, interest charges accounted for £307,000 (£328,000) and interest receivable added £92,000 (£31,000). The associated company incurred a loss of £47,000 (profit £19,000).

After tax £332,000 (£144,000) and minority credit £12,000 (debit £25,000), the net attributable profit comes out at £1.27m (£839,000) for earnings of 14.43p (9.53p). There is an extraordinary debit of £309,000 (£35,000) being provision for deferred tax.

In their review the directors say that Bridport Aviation Products continues to perform well, with its extended range of camouflage nets opening large new overseas markets. The demand for all types of aircraft net remains strong in a competitive market.

Marine division performed well in all areas other than Peterhead. A new depot was opened in Penzance and is trading profitably. The Brixham operation is firmly established.

The market in oil pollution equipment has proven disappointing, and Fishkey, the joint company with Hawker Siddeley Marine and Cygnus Marine, has not done as well as hoped.

Sheet netting, sports equipment and twine at Bridport has had another very good year in a difficult market, while James Pearsall has shown increasingly the benefits of the re-organisation.

Crewkerne Textiles had another good year; demand for its products has increased. A contract has ben placed for enlarging the factory and this work should be completed by March 1985 and fresh machinery already on order will then be in place.

Redport Net Company was bought during the year and therefore had little impact in the group result.

It is expected to make a modest contribution this year.

Brownell and Company in Conneticut did much better than previously. Some overdue investment on machinery and other facilities has taken place.

'Reasonable' but lower profit seen by Delyn

REDUCED operating profit in plastic vacuum forming, start-up losses in a new activity, and difficult trading on the giftwrap side have pushed Delyn Packaging into a loss of £35,000 for the half year ended July 29 1984.

As usual, this result in no way reflects that for the full year. Mr Godfrey Fisher, chairman, anticipates that the current year will be reasonable although the profit will not reach the record £319,000 pre-tax of 1983-1984, of which £23,000 was earned in the first half.

Mr Fisher says the new activity—the manufacture of containers for the diary industry which started towards the end of 1983—has not fulfilled expectations. Start-up losses have been incurred, as expected, but following a change in market conditions with severe competition it has been decided to withdraw from this activity with effect from this month "as future profit could not be foreseen."

For the half year the loss per share came out at 1.76p, against earnings 1.16p, and the interim dividend is being held at 1p net per share. Total payment for 1983-84 was 2.5p when earnings were 18.54p.

Turnover in plastic vacuum forming rose considerably, says Mr Fisher, but competitive pressure and delays in commissioning new machinery hit the profit. There were additional production and labour costs to meet the high standards of service which has been a significant factor in increasing the volume of sales.

The order book is at its highest ever and the outlook for this part of the group is encouraging.

Mr Fisher says the trade in giftwrap has changed considerably in the past few years, but it is only in the current year that the company has been able to react fully following the snow disaster of 1982, when the factory collapsed and had to be rebuilt.

A fresh marketing policy has been developed, and already some new products have been introduced with success in major retail outlets. A less seasonal pattern (trade is mainly dependent on volume sales in the pre-Christmas period) should develop with better penetration into growing markets, but full benefits will not occur this year.

The chairman tells shareholders that the future of the company will depend not only on expansion of present operations but also on developments into related areas. Considerable effort is being devoted towards the preparation of the plans for growth.

He notes that the A. J. Gooding Group, which also counts packaging among its interests, has not yet exercised its option to acquire 29.65 per cent of the Delyn capital. The option runs to December 31 1985 and was granted to Gooding by the Welsh Development Agency over its total holding of Delyn shares.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Applied Computer ...int.	0.35	Dec. 5	0.17*	—	0.73*
AB Foods ...int.	1.7	Mar. 4	1.6	—	5
Bridport-Gundry ...	2.75	—	2.13	4	3.23
British Investment ...int	6.2	Jan. 7	5.1	—	11.7
Bronx ...int.	Nil	—	0.25	—	1.04
Craig and Rose ...int.	8	Jan. 8	8	—	47
Cramphorn ...	3.5‡	—	3.33‖	5.17**	4.17‖
Delyn Packaging ...int.	1	Nov. 26	1	—	2.5
Drayton Consd. ...	6.9	Dec. 21	6.5	8.9	8.5
Star Offshore ...int.	1§	Jan. 29	1	—¶	2.5
Town Centre Secs. ...	1	Jan. 2	0.91*	1	0.91*
W. A. Tyzack ...	1	—	0.4	1.5	0.4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Expects total unchanged at 2.5p net. ‖ Adjusted for subdivision and scrip issue. ** Includes adjusted interim of 1.67p.

Star Offshore slumps and anticipates losses

DESPITE A SLUMP in interim profits and an anticipated full year loss at Star Offshore Services the company says that it is weathering the present difficult charter market in the North Sea "relatively well."

"The business we are in is a cyclical one," says Mr W. G. Cochrane, the chairman, who adds that "the deterioration of the offshore supply vessel market in 1983 has continued longer than we expected, even though the level of exploration and appraisal drilling has improved."

Profits before tax for the six months to end-September 1984 fell to £131,000, against £1.27m, with turnover down from £5.84m to £4.42m. Revenue from marine activities was down at £4.4m against £5.4m.

The lower revenue this year, says Mr Cochrane, was attributable partly to the fact that one ship, historically employed in specialised roles, had to compete in the general market as a supply vessel.

In addition, some of Star's other vessels had to work the spot market for the first time in three years. Over the first half of 1983, the fleet in the North Sea was still mostly chartered at rates negotiated when the market was more buoyant.

Revenue is expected to fall further in the second half of the current year and it is anticipated that the company will show a loss before tax, against a £2.48m profit, for the full year before taking into account any profit on ship sales which may take place.

However, Mr Cochrane says "we believe the outlook for 1985-86 is for an improvement in performance and the cash position of the company remains satisfactory."

Star's fleet is being modernised and three ships are on order for delivery in 1985. Sales of vessels are also planned at an appropriate time in the future to maximise profit and cash flow.

Star Offshore is an unquoted company. An unchanged interim dividend of 1p has been declared and shareholders can expect a same again final of 1.5p, to be paid if necessary out of reserves.

The interim result was struck after net interest payable of £503,000 (£302,000). Tax took the same at £64,000.

COMPANY NEWS IN BRIEF

Sales and profits in the first three months of the current year at Parker Knoll, furnishings manufacturer, were fractionally ahead of last year, in a market that had yet to show signs of significant improvement, members were told at the annual meeting.

In the short term, an end to the miners' dispute was necessary to restore confidence, but in the longer term, the company remained optimistic.

* * *

Mr John Alexander, a partner in Thomson McLintock has been appointed liquidator of Interfleet Company Car Services by the creditors.

Run by Mr John Hamilton from premises in Kensington, Interfleet traded as a motor car broker. Annual turnover exceeded £2m, but the directors' statement of affairs showed creditors of £146,598 and a deficiency of £120,373.

* * *

Improved pre-tax profits of £417,595 against £289,601 have been produced by Frontaprint Holdings for the 53 weeks to the end of March 1984. Mr Edwin Thirlwell, chairman, says that current performance is "highly satisfactory" and the company appears set for another record year.

Turnover of this chain of rapid print and copy shops grew by 46 per cent to £18.6m. The comparable period is for 52 weeks. The total of retail outlets reached 300 for the period under review.

* * *

Because of strong earnings in the half year to September 1984 the directors of the British Investment Trust are lifting the interim dividend from 5.1p to 6.2p net per 25p share. They consider the situation will continue for the remainder of the year and anticipate being able to make an increase in the final payment — 6.6p was paid

* * *

W. Tyzack Sons and Turner has announced that its proposed scrip issue will be on the basis of one for four.

Also, the directors intend to seek authority to issue to shareholders additional ordinary instead of cash dividends. A circular seeking approval in principle will accompany the annual report for consideration at the EGM/AGM on November 30.

HTV Group set for good year

As the existing pattern of television broadcasting seems set to continue for several years without little change, the prospects for the industry as a whole and HTV Group in particular are encouraging, says Lord Harlech in his report as chairman of HTV.

He feels the group is set for *another successful year*, following the expansion of profits from £4.1m to £7.13m in the year ended July 31 1984. Frost and Reed (art dealing) was off to an excellent start with total sales in August exceeding £1m, while Dataday (stationery) is making considerable strides in its fight to return to profitability—though it may not be in the black this year.

As regards direct broadcasting by satellite, Lord Harlech says the prospects are difficult to assess—it could prove a profitable investment, or one of the surest ways to lose a great deal of *money.*

If HTV decided to participate in the venture its total investment over a period of years could approach £10m and shareholders can be assured that the directors would need satisfactory answers to many questions before recommending involvement.

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord. ...	142	—	6.3	4.4	8.3	10.8
158	117	Ass. Brit. Ind. CULS...	142	—	10.0	7.0	—	—
78	53	Airsprung Group ...	53	−1	6.4	12.1	5.8	7.1
42	21	Armitage & Rhodes...	42	+1	2.9	6.9	5.2	8.7
132	67	Bardon Hill ...	117	—	3.4	2.9	11.8	19.6
58	42	Bray Technologies ...	43	—	3.5	8.1	5.0	7.2
201	173	CCL Ordinary ...	174	—	12.0	6.9	—	—
152	117	CCL 11pc Conv. Pref.	118	—	15.7	13.3	—	—
735	100	Carborundum Abrasives	735	+5	5.7	0.8	—	—
249	92	Cindico Group ...	92	—	—	—	—	—
73	45	Deborah Services ...	72	—	6.5	9.0	6.9	11.1
240	75	Frank Horsell ...	239	—	—	—	9.6	12.6
206	75½	Frank Horsell Pr.Ord.87	205	—	9.6	4.7	8.2	10.8
69	25	Frederick Parker ...	27	—	4.3	16.0	—	—
44	32	George Blair ...	44	+1	—	—	3.0	8.9
80	40	Ind. Precision Castings	40	—	2.7	6.8	11.0	11.8
218	200	Isis Group ...	200	—	15.0	7.5	7.9	14.4
124	61	Jackson Group ...	112	—	4.9	4.4	6.2	10.1
270	213	James Burrough ...	268	—	13.7	5.1	9.5	9.6
93	83	James Burrough 9pc Pf.	93	—	12.9	13.9	—	—
147	100	Linguaphone Ord. ...	138	—	—	—	—	—
100	96	Linguaphone 10.5pc Pf.	96	—	15.0	15.6	—	—
475	275	Minihouse Holding NV	475	—	3.8	0.8	34.2	37.4
176	32	Robert Jenkins ...	32	—	5.0	15.6	—	—
74	35	Scruttons "A" ...	35	−1	5.7	16.3	18.4	4.3
120	61	Torday & Carlisle ...	87	—	—	—	9.3	19.8
444	377	Trevian Holdings ...	377	—	4.3	1.1	21.4	21.0
26	17	Unilock Holdings ...	20	—	1.3	6.5	8.7	14.0
92	65	Walter Alexander ...	82	−1	7.5	9.1	8.2	9.9
276	230	W. S. Yeates ...	230	—	17.4	7.6	5.5	11.0

Prices and details of services now available on Prestel, page 48146

UK COMPANY NEWS

STOCK EXCHANGE BUSINESS IN OCTOBER

Overall turnover increases 25% in volatile markets

BY GRAHAM DELLER

STOCK EXCHANGE business showed a marked increase in all sectors last month in spite of continuing domestic industrial unrest and further downward pressure on sterling—two factors which have severely inhibited trading in recent months.

There were 23 trading days in October, three more than September. Turnover in all securities rose 25.08 per cent, or £6.75bn, to £33.64bn. The Financial Times turnover index for all securities rose to 1,030.8—the highest since the record 1,160.7 last March.

The overall number of barbains showed a commensurate increase, rising by 103,255 to 494,516. The average value per equity bargain increased by £700 for the second consecutive month to £17,400.

Investment confidence received a sharp jolt at the beginning of the month when dealings in Johnson Matthey were suspended. Subsequently, the Bank of England launched its first lifeboat operation since 1975 to rescue JM's subsidiary Johnson Matthey Bankers.

Thereafter, equity prices drifted lower with the usual ebb and flow of interest rate speculation and conflicting reports concerning the stalemate in the miners' strike. The threatened stoppage by Nacods, the pit deputies' union, later withdrawn, exerted a further strain on sentiment and the FT Industrial Ordinary share index suffered its biggest fall in points terms of 27.9 on October 17.

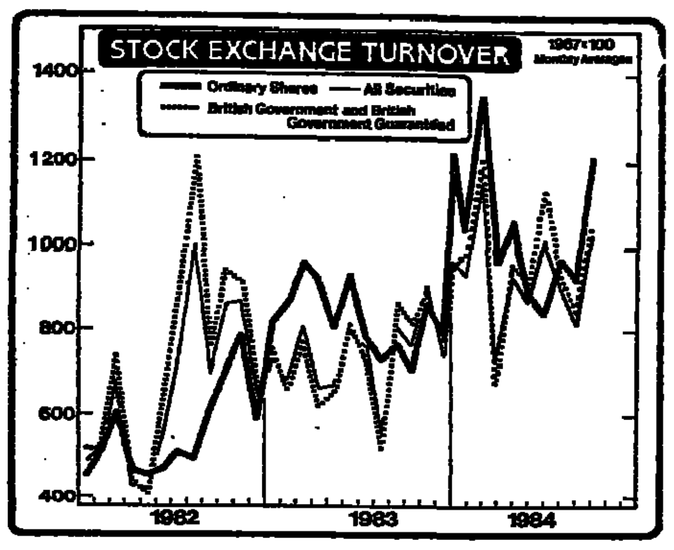
However, markets regained composure following the apparent unwillingness of Mr Nigel Lawson, the Chancellor, to reflate the economy. There was renewed U.S. support of selected blue-chips and the FT 30-share index finally closed the month a net 19.6 higher at 888.0.

Business in ordinary shares rose 31.28 per cent, or £1.63bn, to £6.82bn, in spite of the forthcoming attractions of the British Telecom flotation. The Financial Times turnover index for ordinary shares rose to 1,217.9 against September's measure of 927.7.

Gilt-edged stocks displayed a similar trading pattern. Initial optimism of a reduction in interest rates was dashed by disappointing money supply figures which showed a 1 per cent rise in M0. The dollar subsequently broke through the $1.20 barrier for the first time. Sterling also reacted to news of a $1.50 a barrel cut in North Sea crude by Norway's Statoil, resulting in similar action by BNOC.

The FT Government Securities index, down to 79.41 on October 18, recovered following a cut in U.S. prime rates to close the month 0.56 up on balance at 81.36.

Turnover in gilts expanded 22.62 per cent or £4.54bn, to £24.61bn. Business in short-dated stocks rose £2.31bn to £14.79bn, while trade in longer-dated maturities showed an increase of £2.23bn to £9.82bn. The Financial Times turnover index for Government Securities rose to 1,041.7 against the previous month's 849.5.



Category	Value £m	% of total	Number of bargains	% of total	Average daily value £m	Average bargain value £000s	Average no. of daily bargains
BRITISH FUNDS							
Short dated (5years or less to run)	14,789.4	44.0	29,465	6.0	643.0	501.9	1,281
Others (over 5 years)	9,822.6	29.2	40,190	8.1	427.1	244.4	1,747
IRISH FUNDS							
Short dated (5years or less to run)	801.8	2.4	1,861	0.4	34.9	430.8	81
Others (over 5 years)	498.9	1.5	2,386	0.5	21.7	209.1	104
UK LOCAL AUTHORITY	406.1	1.2	3,177	0.6	17.7	127.8	138
OVERSEAS GOVERNMENT	214.1	0.6	2,544	0.5	9.4	84.2	111
ORER FIXED INTEREST	280.8	0.8	22,546	4.6	12.2	12.5	980
ORDINARY SHARES	6,825.2	20.3	392,347	79.3	296.7	17.4	17,059
TOTAL	33,638	100.0	494,516	100.0	1,462.7*	68.0*	21,501

* Average of all securities.

Another rights from Lifecare

TO IMPLEMENT its plans for development of sheltered housing, Lifecare International is asking shareholders for another £2.1m through an underwritten issue. Just short of a year ago members were invited to raise £1.37m.

The latest rights will take the form of units comprising four ordinary shares and one new 6.25 per cent convertible cumulative redeemable preference share 1999, convertible at the rate of five ordinary shares for every two preference. 1,095,412 units will be offered at £2.04 each on the basis of one for every 10 shares held.

The company recently changed its name from the Edward Jones Group as it is putting emphasis on the provision of retirement homes and sheltered housing. The purchase of Freeland Nursing Homes last month was the first major step towards that policy, and now a number of further acquisitions of both homes and sites for development have been identified and researched.

The directors say the group has made considerable progress since the rights issue of last year. In the six months ended June 30 1984 there was a trading profit of £23,000, compared with a loss of £8,000, on a turnover of £2.65m (£1.48m), but they attach greater importance to the changes in the balance sheet since the end of 1983 and which will form the basis of future profitability.

In 1983 the trading loss was turned into a £30,000 profit when taking account of a £38,000 gain on sale of property.

Better third quarter for Milford Docks

The Milford Docks Company reduced its pre-tax losses from £304,000 to £141,000 over the first half of 1984.

Current trading reflects the upward trend in the third quarter although the directors say the benefit in terms of the company's profitability will not be felt in the current year.

With the new management making shippers aware of the facilities at Milford Docks there was a substantial increase in new types of cargo handled by the company in the third quarter.

The management says it is continuing to develop new opportunities where appropriate and that it has recently entered into joint ventures in the fishing and ship catering fields with existing successful concerns.

Loss per £1 share for the first half amounted to 4.5p (38.9p). Turnover totalled £476,000 (£511,000).

Interest charges were reduced from £38,000 to £8,000. Last time's figures took account of a £55,000 compensation payment to a director, legal costs of £18,000 and £89,000 costs of a rights issue.

Over the first half of 1984 the continuing recession in shipping activities reduced stevedoring revenue and the ship repairing business met increased competition.

Asset value up at Drayton Consolidated

Net asset value per 25p share of Drayton Consolidated Trust rose from 331.38p to 369.63p over the 12 months to September 30, 1984.

Drayton, an investment trust, is paying an increased final dividend of 6.9p, against 6.5p, for a higher total of 8.9p (8.5p). Although this payout is uncovered by earnings per share of 8.21p (8.79p), the directors say that due regard has been taken of revenue outlook for current year.

CONTRACTS

Mansfield civic centre

FAIRCLOUGH BUILDING has won a contract worth £5.7m to design and build new civic offices and a banqueting suite for Mansfield District Council.

he new centre will accommodaet all the Council departments, currently spread over several buildings in the district. Contained within the building will be the new council and administration offices, together with a banqueting suite, council chamber and reception rooms. There will also be room for exhibitions and displays. The design is traditional with brick-clad walls under a clay pantile pitched roof. External works include extensive landscaping and a car park for 300 cars. Completion is scheduled for February 1986.

★

Contracts on new buildings for the Daily Telegraph in London and Manchester are included in £5m worth tof work won by roofing and cladding contractor BRIGGS AMASCO. The Daily Telegraph contracts, together worth around £2m, are for roofing and wall cladding for a new production centre in the London Docklands and another in Trafford Park, Manchester. Two contracts have also been received for the Royal Navy. Over £650,000 worth of roofing and cladding is for a new training centre at HMS Collingwood, in Fareham, Hampshire, and around £100,000 worth of roofing work has been won a a physical and recrational centre at HMS Osprey, in Portland, Dorset. Other contracts include the re-roofing of local authority flats for the City of Newcastle (£250,000); roofing work on a Young Offenders Centre in Feltham, Middlesex (£287,000); roofing work on the Barbican Centre, in London (£250,000); roofing on a new shopping development in North End, Croydon (£275,000); and roofing a new ASDA store in Warrington (£140,000). Briggs Amasco, Dorking, is a member of the Tarmac Group's building products division.

★

WILTSHIER SOUTH MIDLANDS, has won a design and build tender worth £3.8m for new council offices in Amersham for Chiltern District Council. On two floors, the gross area will be 74,000 sq ft.

★

MELLOWES METFAB, a member of the RTZ Corp, has won contracts for its aluminium and steel windows and curtain walling systems worth over £2m. These include a £650,000 order for aluminium windows for Westergate, Glasgow, by Developments Commercial and Industrial (Scotland); a £803,000 contract to supply steel windows to the Farnborough College of Technology development and a £568,000 order for Mellowes Metfab's newly introduced aluminium curtain walling system for Total Oil's head office extension being built in Aberdeen.

★

RATTEE AND KETT, Cambridge, has a contract for an extension at Harston Mill, near Cambridge, for Cambridge Interactive Systems, a subsidiary of the Computervision Corp. The contract is valued at £1.3m and will cover a total internal area of 2,367 sq metres (20,500 sq ft). It will involve fitting-out the historic water mill and extending an existing modern building to provide a ground floor computer room and computer software development work spaces on both the first and ground floors. A later development will be a 990 sq metre (10,000 sq ft) administration block which will also accommodate some further software development work areas. Rattee and Kett is part of the Mowlem Group.

★

Work has started on a nine months task of demolishing part of the Admiralty Yard, Newcastle upon Tyne for British Shipbuilders. This £1m contract was awarded to WESTCROFT DEMOLITION, Castleford, West Yorkshire. The demolition, processing and removal of 10,000 tonnes of ferrous scrap includes eightt 200 tonne cranes.

Decline in construction investment hits Tysons

LOSSES OF £361,715, against profits of £663,735, were incurred by Tysons (Contractors) over the first six months of 1984.

The result, the directors say, reflects the incidence of longer-term building contracts and competitive conditions in the building and civil engineering industries caused by the decline in investment by both the public and private sectors.

However, they say that current evidence is that the rate of decline is being arrested.

The first half loss before tax was incurred on turnover of £13.05m compared with £9.62m. There was no tax charge against £14,000 last time. Losses per share are shown as 7.23p (earnings 12.99p). The company does not pay interim dividends.

Improved lettings help Town Centre to show expansion

AN IMPROVEMENT in the letting market has helped the growth of Town Centre Securities, a property investment company, in the year ended June 30 1984. Profit before tax has risen from £2.11m to £2.4m and the revaluation of assets shows a surplus of £3.69m which is a slight increase over the previous year's figure.

The dividend is held at 1p net per share on the capital increased by the 1-for-10 scrip, and a further scrip, on a 1-for-8 basis, is to be made. Year end net asset value is shown to be ahead from 70.15p to 76.56p.

Revenue for the year came to £5.19m against £4.88m, and interest charges were £1.42m (£1.47m). Tax takes £1.08m (£925,000) and minorities £8,600 (£2,500), leaving the net attributable balance at £1.31m (£1.18m) or 1.63p (1.46p) per share.

Chairman Mr Arnold Ziff says although the letting market appears to have been "somewhat easier," the company has a number of problem areas and carries a fairly large number of empty properties. When they are let this can only add to profit.

The company has purchased a number of properties including an office block in Leeds, a 10-shop parade in Orpington, which is a reversionary investment, and a number of smaller properties in market towns either with a view to refurbishment or rebuilding.

Some very substantial increases have been shown on some reversionary properties and a number of important reversions are coming up in the next two or three years.

Some £500,000 is to be spent on refurbishing the Merrion Centre, the company's largest individual asset, and it is hoped that a start will be made in the very near future on the first part of the improvements.

The subsidiary Rochdale Canal Co. is joining the local authorities in initiatives towards improving its waterway. This includes the setting up of a joint trust with West Yorkshire & Calderdale Councils to facilitate public investment in better leisure facilities on the canal in Yorkshire.

On a six acre site in the centre the company recently obtained planning approval to construct 70,000 sq ft of retail accommodation. 30,000 sq ft has already been completed and let to MFI.

On the financial side the company has made arrangements to borrow £6m for five years from a consortium headed by First Interstate Bank of California.

Wistech ahead of forecast at £0.26m

Wistech, a providerof specialist cleaning, waste management and maintenance services, has beaten its own profits forecast by 16 per cent.

The Bridgend-based contractor yesterday announced that profits before tax came to £261,020 on turnover of £3.9m in the year to September. It forecast profits of £225,000 for the year when it joined the over-the-counter market last January.

The group was formed by a management buy-out for £680,646 of Wimpey Industrial Services from the construction company George Wimpey last December. It subsequently raised £275,000 net of expenses from a placing on the OTC of 5m shares at 7p each, 12 per cent of the fully diluted equity.

There are no comparable figures for the preceding year because the directors say they would be misleading. They did not acquire all of the group's assets from Wimpey, and substantial changes have been made since the buy-out. However, Wimpey Industrial Services in its old form made losses of £183,102 in 1983 and £305,175 in 1982. *Turnover rose marginally in 1983-1984.*

The group was formed by Mr John Evans, a former employee of Purle Bros, the waste management contractor which merged with Redland in 1971. It was acquired by Powell Duffryn in 1978 and sold to Wimpey three-and-a-half years later. Mr Tony Morgan, formerly chairman of Purle Bros, became chairman of Wistech last May.

Wistech paid £121,590 in deferred tax for the year, leaving retained earnings of £139,430. There is no dividend because the group qualifies as a Business Expansion Scheme investment.

The main growth areas in the current year, say the directors, are expected to be in asbestos removal and low-level radioactive waste clearance. Wistech expects shortly to sign a profit-sharing working arrangement with Viken Industries, of Boston, U.S., to establish a waste management service for nuclear power plants in the UK.

British Land

British Land has completed a SwFr 75m (£25m) 15-year bond issue priced at 100.25 per cent with a coupon of 6.5 per cent. It said debt funding costs would be reduced through interest currency swaps and a managed hedge operation.

Better ore grade at Bougainville

BY KENNETH MARSTON, MINING EDITOR

AN IMPROVEMENT was seen in the grade of ore milled at the Rio Tinto-Zinc group's Bougainville copper-gold mine in Papua New Guinea during the September quarter after the previous decline.

Consequently, the amount of metal contained in concentrates produced during the quarter rose over the levels of the previous three months. However, the total for the first nine months of this year *is still down on that for the* same period of 1983 in line with the overall decline in ore grade.

The contained copper in concentrates produced in the latest quarter was 44,387 tonnes to make 133,083 tonnes for the first nine months of the year against 140,411 tonnes a year ago. Gold amounted to 4,260 kilogrammes, making 13,101 kg against 13,827 kb and silver was 11,569 kg, making 36,106 kg against 36,437 kg.

Bougainville's ore grades have declined this year as the mining operations have moved into the lower grade material in the deeper part of the open-pit. But the effects of this on production should be offset to some extent by the installation of a 13th ball mill next year.

The company has also been contributing to a pre-feasibility study for a local hydro-electric power scheme which would reduce costs in the long run. At present the mine is entirely dependent on imported oil fuel for its big haul trucks and electric power station; fuel accounts for about a quarter of total operating costs.

Earnings for the first half of this year dropped to K16.6m (£14.8m) from K32.5m in the same period of 1983 and the interim dividend was reduced to 2 toea (1.5p) from 5 toea. On the basis of current metal prices a further fall in profits is likely in the second half. CRA holds 53.6 per cent of Bougainville.

MINING NEWS IN BRIEF

Australia's Western Mining is to help build a nickel smelter in China at Jinchuan in Gansu Province. Mr Arvi Parbo, Western's chairman, said at the Melbourne meeting that the company had entered into a technological consultancy agreement to advise on the design and construction of the smelter.

Mr Parbo said that Chinese authorities had asked Western Mining for assistance in view of the good technical and operating performance of the company's nickel smelter at Kalgoorlie in Western Australia.

* * *

In the annual report of South Africa's Anglovaal mining and industrial finance group Mr Basil Herzov, the chairman, warns that it may be difficult to increase profits this year against the background of uncertainties regarding metal prices, exchange and interest rates, taxes and inflation.

* * *

As foreshadowed, the rescue operation for the O'okiep loss-making copper producer in South Africa's north-western Cape Province is to include a rights issue of some R22m (£9.4m). The Consolidated Gold Fields group, which curently holds 25 per cent of O'okiep, will subscribe for its entitlement and will then have a larger shareholding than its non-participating U.S. partner, Newmont Mining, which now has 49 per cent.

Gold Fields expects to raise its holding in O'okiep to between 37.6 per cent and 44.6 per cent, depending on the extent to which minority shareholders take up their rights.

The move will also further the aim of Gold Fields of South Africa (GFSA) to broaden its interests from gold into base metals and energy. GFSA has been appointed administrative and technical adviser to O'okiep as from the beginning of last month.

* * *

South African gold production in September eased to 1,837,605 oz after rising to 1,890,333 oz in August. Figures issued by the Chamber of Mines show that the total output for the first nine months of this year has reached 16,398,456 oz compared with 16,434,493 oz in the same period of 1983.

* * *

Australia's Leighton Mining proposes to sub-divide each of its 50 cents shares into two shares of 25 cents (20 cents paid) and then make a rights issue of three-for-one at 20 cents. The A$16.8m (£11.5m) to be raised will be used for the purchase of Endeavour Resources' oil and gas interests, leaving the latter free to concentrate on its gold activities.

Craig & Rose hit by cuts in grant schemes

In their interim report the directors of Craig & Rose, paint manufacturers, say that since the early months of 1984 group sales have been considerably affected in certain areas by reductions of grant-aided schemes in both the public and private sectors.

The continuing strike in the mining industry has also had a marked effect on some of Craig's customers.

Sales for the opening half of 1984 at £2.37m showed a decrease of some 8 per cent over the corresponding period's £2.58m although some of the lost turnover was at restricted margins.

It is pointed out that pre-tax profits for the half year of £64,000, were also approximately 8 per cent lower than the annual rate for 1983.

The directors say that the conditions referred to in the annual report issued last June are still evident and that there is no indication at present of any improvement in the economic depression in the contracting industry.

Severe competition continues to restrict the group's ability to increase selling prices sufficiently to cover rises in raw material and other costs although measures have already been taken to counteract wherever possible the effects on the group's own position.

The interim dividend is being held at 8p net per £1 share. Subject to unforeseen circumstances a second interim of not less than 39p (same) is expected to be declared.

First half tax took £12,000 (£28,000) and earnings amounted to 50p (66p).

For the 1983 year as a whole £140,000 (£206,000). Turnover was little changed at £4.95m (£4.92m).

W. A. Tyzack recovery is maintained

W. A. Tyzack, the Sheffield-based precision engineer, has consolidated the recovery reported at midway and has achieved its first full year taxable surplus since the 1979-80 year.

The result in the period to July 31 1984 was a profit of £250,793 against a comparable £13,334 loss, and follows on from the interim turnround of over £250,000 back to profits of £110,490.

The improvement is accompanied by a 0.6p boost in the final dividend to 1p net per share, to give a total of 1.5p for the year. Earnings per share are stated as 3.38p compared with a loss of 0.34p.

The return to profit came out of turnover which rose by £1.24m to £6.28m.

Cramphorn profit up by £200,000

With unusually fine weather in the autumn and spring periods included in the 53 weeks to July 7 1984, Cramphorn, the USM-listed garden and pet supplies distributor, has lifted pre-tax profits by nearly £200,000.

The final result was £570,000 compared with £377,000 for a 52 week period, from sales up by more than £2m at £13.64m (£11.52m). The directors state that sales in the first three months of the current year were some 5 per cent up on last year.

The final dividend is 3.5p net per share against an equivalent 3.333p adjusted for the capital reorganisation last June. The total is effectively raised by 24 per cent to an adjusted 5.167p.

After tax at £220,000 (£94,000) earnings per 50p share are quoted as 24.2p against an equivalent 19.58p.

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Ltd, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 8954871. Telex: (Advertising) 885033. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd, Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Guiollettstrasse 54. Telex: 416052. Telephone: 7598-157.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: *Editorial and Circulation* Singel 512, NL-1017 AX Amsterdam. Telex: 16527. *Editorial* Tel: 020-276 796. *Circulation* Tel: 020-239 430.

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BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bradford Property Trust, Hambros Investment Trust, J. Sainsbury, Winterbottom Energy Trust.

Finals: Gomme, Microfilm Reprographics, Wolseley-Hughes.

FUTURE DATES

Interims—	
Allied-Lyons	Nov 27
Amber Industrial	Nov 8
Anglo American Coal	Nov 13
British and Comwlth. Shipping	Nov 8
Caledonia Investments	Nov 8
Continental and Industrial Tst.	Nov 7
Courtaulds	Nov 27
Geers Gross	Nov 14
Great Portland Estates	Nov 14
International Signal & Control	Nov 14
Ourwich Investment Trust	Nov 12
Renold	Nov 14
"The Times" Veneer	Nov 8
Finals—	
Clyde Blowers	Nov 8
Fenner (J.H.)	Nov 26

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday November 6 1984

WALL STREET

Firm start in face of heavy agenda

FINANCIAL markets on Wall Street moved firmly into a week primed with drama both for investors and for the nation at large, *writes Terry Byland in New York.*

Further falls in short-term interest rates stimulated a rise of nearly a ½ point in the bond market and lifted the stock market to its highest level for seven weeks.

Turnover in stocks, sluggish at first, increased as prices moved ahead. By the close the Dow Jones industrial average showed a gain of 12.59 at 1,229.24, a level last seen on September 17.

The day's shares traded total, at 84.9m, was below Friday's figure but compared well with recent levels.

Equally significant for the investment community will be tomorrow's meeting of the Federal Reserve Open Market Committee, after a week of plunging short-term interest rates and market anticipation that the Fed will move to ease credit policy again. Straddling the presidential election is the largest Treasury quarterly refunding on record.

In the credit markets, short-term rates fell heavily again, stimulated by a fall in the federal funds rate to 9⅝ per cent. The Fed came into the market with three-day repurchase arrangements when the rate touched 9¾ per cent. The arrangements appeared to be intended to carry the market over election day when credit will be curtailed by the closure of the federal banks.

Stock markets will remain open for business today as Americans elect the next President, but with the banks closed, the bond market will be dormant.

At midsession, three-month Treasury bills were down by 30 basis points to 8.68 per cent ahead of the day's regular auction, this week of $13.6bn of bills.

Bond prices moved erratically within narrow limits as traders balanced their positions.

In the stock market, turnover was subdued with the number of large block trades – the indicator of institutional interest – sharply down on recent levels.

The market was enlivened, however, by a batch of special situations. Donaldson, Lufkin, Jenrette, 12th largest of the Wall Street securities firms, jumped $2¼ to $29⅝ on the announcement of a $30-a-share merger plan agreed with Equitable Life Assurance. Turnover in Donaldson included a 750,000 share block.

Prentice-Hall, the book publisher, was suspended at $51¾ on both the American and Boston stock exchanges, after the announcement of a $70-a-share offer from Gulf Western Industries. A price of $65-$70 was indicated in the market as a new starting price for Prentice.

Tenneco was among the most actively traded stocks with a series of block trades boosting turnover to more than 2m shares, although the price held unchanged at $35½. Other oil stocks were mixed.

Early warning of falling sales of home computers this Christmas unsettled technology stocks. Commodore International, reportedly suffering a 10 to 30 per cent sales dip, fell $1⅞ to $25.

But Coleco, $⅛ firmer at $18½, continued to rally after the recent increase in prices for its Adam computer.

After announcing that it was close to arranging for a capital infusion, Storage Technology, which filed for Chapter 11 protection last week, put on $¼ to $3⅝. Advanced Micro Devices gained $⅛ to $30.

Higher profits put $⅝ on Alleghany Corporation at $85. Texas Air at $9 eased $⅛, also after trading results. The disclosure that the Bass family has taken a 7 per cent stake in the preferred shares lifted common stock in LTV by $⅛ to $10⅝.

Money market rates continued to slide lower on the market expectation that the Fed will ease policy after the presidential election. But the bond market traded sluggishly, and the price of the key long bond at 108⁵⁄₃₂ was only slightly firmer than on Friday.

LONDON

Lower base rate signal boosts gilts

GILT-EDGED investments posted their 12th consecutive advance in London yesterday after the Bank of England cut all four bands of its UK money market intervention rates, signalling the prospect of lower base lending rates.

Equity investors adopted a more cautious stance, and the FT Industrial Ordinary index shed 4.5 of last week's 34.4 advance to close at 903.1.

Losses among index constituents were mostly restrained although British Petroleum dipped 10p to 473p, unsettled by reports of cracks in the recent Opec agreement.

Renewed domestic and foreign support took government securities up more than a point at one stage before profit-taking, ahead of today's money supply figures, brought quotations off their best levels. Sterling's continued improvement against the dollar also generated confidence.

Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36–37

SOUTH AFRICA

GOLD SHARES extended last week's gains in Johannesburg amid foreign and domestic demand and in the wake of the higher bullion price.

Fifty-cent gains were recorded by Vaal Reefs at R178.50, Southvaal at R79.50 and Buffelsfontein at R7.50. Randfontein Estates was unchanged at R209.

Mining holding companies and other mining stocks were also firmer, with Mineral and Resources, the holding company for Anglo American's foreign interests, firming 70 cents to R13.

Industrials were quietly steady in featureless trading, with market leader Barlow Rand 10 cents firmer at R10.50.

HONG KONG

EARLY GAINS were reversed in Hong Kong, leaving the Hang Seng index to close down 7.75 at 1,027.48 after a 3.48 rise at mid-morning.

Among leaders, Cheung Kong shed 20 cents to HK$8.15 and Hongkong Land 3 cents to HK$3.27. Sun Hung Kai Properties was unchanged at HK$6.90.

In the banking sector, Bank of East Asia dropped 20 cents to HK$20.80 and Hongkong Shanghai Bank 10 cents to HK$6.55.

Elsewhere, Jardine Matheson lost 10 cents to HK$7.50 and Hutchinson Whampoa 20 cents to HK$14.20.

AUSTRALIA

THE FIRMER bullion price underpinned mining stocks in Sydney, helping shares to close firmer on the day. The market was also encouraged by the prospects of a fresh round of cuts in domestic and U.S. interest rates.

Among resource-related issues, BHP rose 5 cents to A$10.35 as the company said that it remained confident that further talks with China would result in long-term steel contracts.

Banks were also generally well supported, with National Bank up 12 cents to A$3.72 and Westpac 3 cents to A$4.08. However, ANZ fell 2 cents to A$5.38.

SINGAPORE

A LACK of buying interest left Singapore shares again lower on the day, after Friday's upturn, in quiet activity. The Straits Times index dipped 1.55 to 834.88.

Pahang was the most actively traded issue, adding 8 cents to S$1.24. But among other actives, Pan Electric shed 6 cents to S$3.02.

Elsewhere, DBS lost 10 cents to S$5.85, Hong Leong Finance 12 cents to S$3.10, Singapore News 5 cents to S$5.75 and Cycle and Carriage 4 cents to S$2.98.

CANADA

SMALL gains posted by the golds, metals and oils sectors underpinned a broad advance in Toronto.

In Montreal, a higher overall tone emerged helped by a moderate firming in banking issues, but industrials and utilities posted marginal losses.

TOKYO

Institutions assist new run to peak

THE FIRM undertone established last week continued in Tokyo yesterday, and investors sought a wide variety of issues, pushing the Nikkei-Dow average above the 11,300 level for the first time, *writes Shigeo Nishiwaki of Jiji Press.*

The indicator chalked up a 124.13 gain to close at 11,374.08, surpassing the previous peak of 11,252.98 registered on October 31. But volume shrank from Friday's 410.98m shares to 359.77m, and advances led declines 473 to 261, with 146 issues unchanged.

The market was not as heated as the index's advance – 204.52 points in the last two trading sessions – might suggest. Many leading brokers attributed the buying to an improved supply-demand ratio arising from increasing buying by institutional investors and to anticipation of a Wall Street rally in the wake of the expected re-election of President Ronald Reagan.

However, many of the stocks bought yesterday were second-rate issues, and the brokers' explanation sounded unpersuasive.

Conspicuous gainers were non-life insurance issues. Sumitomo Marine and Fire Insurance added Y19 to Y549 following non-residents' buying of 700,000 shares. Tokio Marine and Fire gained Y18 to Y693.

Large-capital steels and shipbuilders also firmed. Non-residents purchased 3m Nippon Steel, 1m Kawasaki Steel and 2.5m Mitsubishi Heavy Industries (MHI) shares, apparently on expectations of exchange gains from the yen's advance against the dollar. Nippon Steel, the most actively traded issues with 27.31m shares changing hands, rose Y3 to Y157, while the second-placed MHI gained Y4 to Y242.

Issues with off-the-book assets were also among the gainers. Nippon Express and Mitsubishi Warehouse finished Y8 up at Y325 and Y20 up at Y310, respectively.

Mochida Pharmaceutical, which has been undergoing violent price fluctuations, plummeted by a daily limit of Y500 in the morning but rebounded to close at Y14,400, up Y300.

Among biotechnology-related stocks, Kagome soared Y85 to Y1,060 and Kikkoman Y25 to Y683. Speculator interest boosted Dainippon Pharmaceutical by Y340 to Y5,810. As for laggards, Shintom jumped Y75 to Y1,000, reflecting brisk exports of automobile audio equipment to the U.S., while Meidensha Electric closed Y21 higher at Y302.

Bond prices eased off in thin trading. Investors kept a low profile despite the yen's advance. Government bonds with a coupon rate of 6.1 per cent traded at a yield of 6.600 per cent, down from Friday's 6.620 per cent, but the yield on the benchmark 7.3 per cent government bonds maturing in December 1993 rose from 6.640 per cent to 6.665 per cent.

EUROPE

Bright spots amid a subdued tone

A SUBDUED tone was evident on many European bourses, with the notable exception of West Germany, although a number of shares managed to reach new highs for the year in some centres.

Lively trading in **Frankfurt** took the Commerzbank index 3.2 higher to 1,088.9 on the strength of a firmer bond market and hopes of lower interest rates.

A number of new 1984 highs were scored in banks. Deutsche Bank rose DM 7.20 to DM 383, Dresdner DM 2.70 to DM 184.20 and Bayerische Hypobank DM 3.50 to DM 306.50.

Karstadt led a buoyant stores sector with a DM 9 rise to DM 243. Horten added a respectable DM 7.50 to DM 181 and Kaufhof DM 6 to DM 231.

Firmer steels saw Thyssen set the pace with a DM 3.70 rise to DM 82.30 while government proposals to reduce its stake in Lufthansa took the airline DM 3 up to a new high for the year of DM 175.50.

Allianz continued to be the subject of suggestions of a major restructuring but the insurer held steady at DM 1,069.

Domestic bonds saw gains of up to 30 basis points as the Bundesbank sold DM 15.4m of paper after Friday's DM 73.3m. The central bank also accepted bids for DM 9.3bn at yesterday's tender for a 27-day securities repurchase plan to add liquidity to the domestic money market at an interest rate of 5.7 per cent.

Bourse turnover in October set a new record, up 39.3 per cent to DM 18bn. Turnover for the first 10 months of the year has now reached DM 101.2bn, an 8.2 per cent rise over last year's total of DM 93.5bn.

Amsterdam trading focused on Akzo, which reported improved third-quarter profits and encountered a 10-cent fall to Fl 102.30. Turnover was also heavy in Philips, hit by a bout of selling by foreign investors and clipping Fl 1.50 off its price to Fl 55.20.

Royal Dutch shed the same amount to Fl 169.20 on continuing discussions of the future of its 320,000 b/d Curacao refinery. Progress, however, was made elsewhere. Amev hit a 1984 peak of Fl 191.50 with a 40-cent gain while Boskalis rose Fl 1.50 to Fl 15.60.

The ANP-CBS General index slipped 0.4 to 178.3, but the bond sector was barely changed.

A technical reaction took **Brussels** further off its recent highs. Chemicals were weaker including Tessenderlo which announced much stronger first-half profits. It fell BFr 55 to BFr 3,400.

Several new highs for the year were nevertheless achieved. Royal Belge gained BFr 30 to BFr 9,930. Wagons-Lits, at BFr 5,390, was also BFr 30 higher while Delhaize held steady at its 1984 peak of BFr 6,050.

Pan Holdings crossed the five-figure threshold again with a BFr 50 advance to BFr 10,000 while Intercom managed a BFr 15 gain to BFr 2,170.

A mixed **Zurich** featured UBS, up SwFr 40 SwFr 3,500 amid plans to take over London brokers Phillips and Drew. Trading mood was aided by a ¼ point drop in customer time deposit rates to 4¾. Bonds were higher despite the weaker trend in U.S. credit markets.

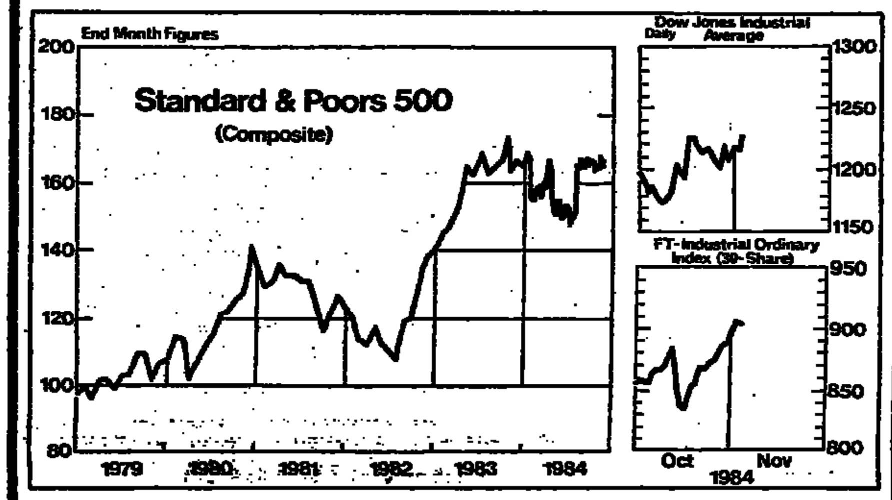
Paris ended firmer, with constructions, electricals and oils favoured.

L'Oréal moved FFr 24 ahead to FFr 2,553 while Pernod Ricard improved by FFr 14 to FFr 758 amid a surge in first-half profit.

An opening rally in **Milan** was reversed although Fiat ended L19 up at L1,810 and Italcementi reached a new 1984 peak of L59,000, up L2,900. Bonds were mostly firmer in active trading.

Chemicals led the advance in **Madrid**, while **Stockholm** was uninspired in dull trading.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Nov 5	Previous	Year ago
NEW YORK			
DJ Industrials	1,229.24	1,216.65	1,218.2
DJ Transport	534.79	532.32	586.6
DJ Utilities	144.95	143.82	138.58
S&P Composite	168.65	167.41	162.44
LONDON			
FT Ind Ord	903.1	907.6	721.4
FT-SE 100	1,163.1	1,168.6	963.9
FT-A All-share	549.61	551.41	447.29
FT-A 500	599.84	602.04	484.63
FT Gold mines	524.9	504.2	474.5
FT-A Long gilt	10.06	10.13	10.35
TOKYO			
Nikkei-Dow	11,374.08	11,249.95	9,341.68
Tokyo SE	866.95	860.45	684.17
AUSTRALIA			
All Ord.	770.7	768.2	688.9
Metals & Mins.	461.4	455.1	509.1
AUSTRIA			
Credit Aktien	57.8	57.37	53.73
BELGIUM			
Belgian SE	163.03	163.46	123.91
CANADA			
Toronto			
Metals & Minls	2,018.5	1,978.8	2,263.0
Composite	2,389.8	2,369.3	2,397.6
Montreal			
Portfolio	118.54	117.12	117.36
DENMARK			
Copenhagen SE	171.54	170.4	196.6
FRANCE			
CAC Gen	181.4	181.4	140.5
Ind. Tendance	118.2	118.5	88.6
WEST GERMANY			
FAZ-Aktien	372.07	371.48	334.81
Commerzbank	1,088.9	1,086.7	994.9
HONG KONG			
Hang Seng	1,027.48	1,035.23	889.49
ITALY			
Banca Comm.	214.39	214.41	186.89
NETHERLANDS			
ANP-CBS Gen	178.3	178.2	156.3
ANP-CBS Ind	140.2	140.7	109.9
NORWAY			
Oslo SE	286.54	284.1	199.37
SINGAPORE			
Straits Times	834.88	836.43	940.3
SOUTH AFRICA			
Golds	n/a	n/a	706.3
Industrials	n/a	n/a	879.7
SPAIN			
Madrid SE	142.79	142.36	128.3
SWEDEN			
J & P	1,437.72	1,434.92	1,399.67
SWITZERLAND			
Swiss Bank Ind	383.2	383.6	353.9
WORLD	Nov 2	Prev	Year ago
Capital Int'l	187.8	186.0	178.8

GOLD (per ounce)

	Nov 5	Prev
London	$343.00	$342.50
Frankfurt	$343.00	$343.50
Zürich	$342.75	$342.25
Paris (fixing)	$344.89	$340.33
Luxembourg (fixing)	$342.05	n/a
New York (Dec)	$349.80	$345.40

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Nov 5	Previous	STERLING Nov 5	Previous
$	–	–	1.268	1.2515
DM	2.9285	2.946	3.715	3.68
Yen	242.05	241.85	307.0	302.0
FFr	8.99	9.0505	11.42	11.33
SwFr	2.4075	2.4255	3.055	3.025
Guilder	3.3185	3.322	4.21	4.15
Lira	1,836.0	1,837.5	2,327.5	2,294.25
BFr	59.45	59.45	75.45	74.55
C$	1.309	1.3122	1.6615	1.6445

INTEREST RATES

	Nov 5	Prev
Euro-currencies (3-month offered rate)		
£	10⅛	10[illegible]
SwFr	5[illegible]	5[illegible]
DM	5⅝	5[illegible]
FFr	10⅞	11
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	9[illegible]
6-month U.S.$	10⅛	10⅛
U.S. Fed Funds	8¾	10⅛
U.S. 3-month CDs	9.5	9.65
U.S. 3-month T-bills	8.67	8.995

U.S. BONDS

Treasury	Nov 5* Price	Yield	Prev Price	Yield
11⅝ 1986	101[illegible]	10.80	101[illegible]	10.90
12⅜ 1991	103[illegible]	11.54	103[illegible]	11.54
12⅝ 1994	105[illegible]	11.60	105[illegible]	11.62
12½ 2014	108[illegible]	11.51	108[illegible]	11.52
Corporate	Nov 5* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	93⅝	11.90	93⅞	11.90
3⅞ July 1990	71	10.85	71	10.85
8¾ May 2000	76⅞	12.20	76⅞	12.20
Xerox				
10⅞ March 1993	92½	12.10	92⅞	12.10
Diamond Shamrock				
10⅞ May 1993	91⅞	12.25	91⅞	12.25
Federated Dept Stores				
10⅞ May 2013	85⅞	12.50	85⅞	12.50
Abbot Lab				
11.80 Feb 2013	93	12.70	93	12.70
Alcoa				
12½ Dec 2012	95⅞	12.85	95⅞	12.85

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	71–25	71–27	71–02	71–09
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	91.30	91.33	91.04	91.04
Certificates of Deposit (IMM) $1m points of 100%				
Dec	90.55	90.58	90.33	90.27
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	89.98	90.00	89.91	89.79
20-year Notional Gilt £50,000 32nds of 100%				
Dec	109–23	110–01	109–05	108–28

COMMODITIES

(London)	Nov. 5	Prev
Silver (spot fixing)	593.65p	592.50p
Copper (cash)	£1,068.50	£1,081.00
Coffee (Nov)	£2,459.50	£2,467.50
Oil (spot Arabian light)	$28.25	$28.20

Closing prices, November 5

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23 1/2	13 7/8	AAR	.48	2.2	19	756	21 7/8	21 1/2	21 7/8	+ 1/8
30 1/2	9 1/8	AGS			9	92	12 3/4	12 5/8	12 5/8	- 1/4
22	13 1/2	AMCA	n. 1	6.6		7	15 1/4	15	15 1/4	
18 7/8	13 1/4	AMF	.50	3.2	87	117	15 5/8	15 1/2	15 5/8	
41 1/4	24 1/4	AMR			5	2228	32 3/4	32	32 3/4	+ 1/2
20 3/4	18 1/4	AMR	pf2.18	11.		3	19 5/8	19 1/2	19 1/2	
41 1/2	27 1/2	AMR	pf2.13	6.3		224	33 3/4	33 1/4	33 3/4	+ 1/4
25 1/4	22 7/8	ANR	pf2.67	11		3	24 5/8	24 5/8	24 5/8	- 1/8
16 1/4	8 1/2	APL			3	1	12 1/2	12 1/2	12 1/2	+ 1/8
69 3/4	40 3/4	ARA	2.10	3.0	14	81	u69 7/8	69 5/8	69 7/8	+ 1/4
69 1/4	44 3/4	ASA	3a	5.0		1304	60 1/2	58	60 1/2	+ 2
30 1/4	18 1/2	AVX	.32	1.7	11	82	19	18 7/8	19	
50 1/2	35 1/4	AbtLab	1.20	2.9	13	2074	41 3/4	41 1/2	41 5/8	+ 1/4
23 1/8	16 1/8	AccoWd	s		18	13	21 1/2	21 1/4	21 1/4	- 1/8
27 1/4	12 1/2	AcmeC	.40	2.6		33	15 5/8	15 1/4	15 5/8	+ 1/4
12 7/8	8 3/4	AcmeE	.32b	3.4	13	83	9 1/2	9 1/2	9 1/2	- 1/4
24 1/8	11	AdmDg	.04	.2	13	11	24 1/4	24 1/4	24 1/4	
18 3/4	15	AdaEx	2.11e	13.		74	16 1/8	15 7/8	16 1/8	
18 5/8	11 7/8	AdmMl	.28	1.8	8	22	16	15 3/4	15 3/4	- 1/8
22	13 1/2	AdvSys	.81t	5.5	14	50	14 5/8	14 5/8	14 5/8	+ 1/8
41 1/8	25 1/8	AMD			13	5930	30 3/8	29 3/4	30 1/4	+ 5/8
14 5/8	7 1/8	Advest	.12	1.3		65	9 1/8	9	9	
17 7/8	9 5/8	Aerflex			11	98	12 5/8	12 1/8	12 1/2	+ 1/2
39	27 1/4	AetnLf	2.64	7.4	30	727	35 5/8	35 1/8	35 5/8	
56 3/4	52 1/8	AetL	pf5.78e	11		10	54 7/8	54 7/8	54 7/8	+ 1/8
34 1/2	15 1/4	Ahmns	1.20	4.8	11	1936	25 1/8	24 1/4	25	+ 1
5 1/2	2 5/8	Aileen				45	2 7/8	2 3/4	2 7/8	+ 1/8
48 1/8	36 1/2	AirPrd	1.20	2.7	10	1004	45	44 1/2	44 3/4	+ 1/2
30 7/8	13	AirbFrt	.60	3.0	11	70	20 1/8	20	20 1/8	+ 1/4
3 3/4	1 7/8	AlaMoa	.50e	14		6	3 1/2	3 1/2	3 1/2	
31 7/8	25 1/4	AlaP	pfA3.32	13		10	30	29 7/8	30	
7 1/4	6	AlaP	dpf.87	12.		36	7 1/8	7	7	
70 1/2	61 1/2	AlaP	pf 9	13		z120	68	67 1/2	67 1/2	- 1/2

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Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, November 5

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Nov. 5	Price Sch.	+ or −
Creditanstalt	216	
Goesser	327	−2
Interunfall	388	
Laenderbank	210	+1
Perlmooser	353	+1
Steyr-Daimler	151	+2
Veitscher Mag	246	+1

DENMARK

Nov. 5	Price Kr %	+ or −
Andelsbanken	178	−4
Baltic Skand	500	+5
CopHandelsbank	281	+1
D. Sukkerfab	550	−5
Danske Bank	274	+2
De Danske Luft	1,100	
East Asiatic	179	
Forenede Brygg	795	+35
Forenede Damp	104	−3
GNT Hldg	399	−11
I.S.S.B.		
Jyske Bank	510	+15
Novo Ind	1,260	−20
Privatbanken	248	+1
Provinsbanken	329	+2
Smidth (F)	235	
Sophus Berend	900	+20
Superfos	458	+9

BELGIUM/LUXEMBOURG

Nov. 5	Price Frs.	+ or −
B.B.L.	1,840	
Bekaert B	4,860	−40
Ciment CBR	2,635	−35
Cockerill	289	−6
Delhaize	6,050	
EBES	3,850	
Electrobel	6,650	+70
Fabrique Nat	2,150	−40
GB Inno BM	3,350	−20
GBL (Brux)	2,320	−15
Gevaert	3,090	−20
Hoboken	6,350	+30
Intercom	2,170	+15
Kredietbank	7,610	
Pan Hldgs.	10,000	+50
Petrofina	7,330	−70
Royale Belge	9,930	+30
Soc. Gen. Banq	3,220	−40
Soc. Gen. Belge	1,840	−15
Sofina	7,950	−10
Solvay	4,420	+10
Stanwick Intl.	1,440	−40
Tractionel	4,270	−5
UCB	6,390	+30
Wagon Lits	2,660	

FRANCE

Nov. 5	Price Frs.	+ or −
Emprunt 4½ 1973	1,721	−4
Emprunt 7% 1973	9,046	+41
Accor	242	+1.5
Air Liquide	575	+1
BIC	512	−1
Bongrain	1,825	−40
Bouygues	661	+21
BSN Gervais	2,411	−18
CIT Alcatel	1,270	+2
Carrefour	1,753	+4
Club Mediter'n	1,052	−13
Cie Bancaire	582	+4
Cofimeg	125	+1
Damart	2,215	
Darty	1,142	+2
Dumez S.A.	670	+9
Eaux (Cie Gen)	530	+7
Elf Aquitane	235	
Essilor	2,890	−10
Gen. Occidentale	682	
Imetal	84.05	−0.85
Lafarge Coppee	373.5	−0.5
L'Oreal	2,553	+24
Legrand	1,950	+8
Maisons Phenix	164.6	−2
Matra S.A.	1,855	−4
Michelin B	845	−5
Midi (Cie)	1,850	−10
Moet-Hennessy	1,811	−6
Moulinex	95.3	−0.5
Nord Est	69.7	+0.8
Pernod Ricard	758	+14
Perrier	511	−8
Petroles Fra.	235.5	+4
Peugeot S.A.	208	−2
Printemp.Aus.	157.8	+2.3
Radiotech	237	−2.8
Redote	1,200	−5
Rousul-Uclaf	1,638	−3
Sefimeg	266	+1
SkisRossgnol	1,715	−10
Telemech Elect	1,945	−10
Thomson CSF	383	−1
Valeo	228	−2

GERMANY

Nov. 5	Price Dm.	+ or −
AEG-Telef	103.0	−1
Allianz Vers	1,069	
BASF	171.3	+1.2
Bayer	183.8	+3
Bayer-Hypo	306.5	+3.5
Bayer-Verein	328	+1
BHF-Bank	275	+6
BMW	382	−2
Brown Boveri	202.8	−0.5
Commerzbank	173.7	+2.7
Cont'l. Gummi	123.5	+0.8
Daimler-Benz	579.0	−1.5
Degussa	370.5	−0.5
D'sche Babcock	152	+1.6
Deutsche Bank	383	+7.2
Dresdner Bank	184.2	+2.7
GHH	159	+1
Hochtief	472	
Hoechst	180	+2
Hoesch Werke	108	+0.1
Holzmann (P)	355	−5
Horten	181	+7.5
Hussel	288	+5
Karstadt	243	+9
Kaufhof	231	+6
KHD	252.5	−0.5
Kloeckner	78	+0.2
Linde	376	+1.5
Lufthansa	175.5	+3
MAN	154.8	+0.3
Mannesmann	153	+0.4
Mercedes Hld.	508.5	+1.5
Metallgesell	217	+3
Munech Rueck	1,130	−20
Nixdorf	534	−3
Porsche	1,033	+2
Preussag	245	+1
Rhein West Elect	166	
Rosenthal	257	
Schering	400	+2.2
Siemens	453.3	+6
Thyssen	82.3	+3.7
Varta	172	+1
Veba	169	+1.3
V.E.W.	121	+1.5
Verein-West.	295	+1
Volkswagen	198	+2.8

ITALY

Nov. 5	Price Lira	+ or −
Banca Com'le	15,890	+10
Bastogi-IRBS	113.75	
Centrale	2,145	−23
Credito Varesino	3,950	+60
Fiat	1,810	+19
Finsider	48	
Generali Assicur.	31,500	−395
Invest	2,812	−11
Italcementi	59,000	+2,900
La Rinascenti	469	+6
Montedison	1,169	−1
Olivetti	6,015	−25
Pirelli Co.	3,035	+25
Pirelli Spa	1,775	+6
Snia BPD	1,879	+4
Toro Assic.	12,000	+50
do. Pref.	8,740	−20

NETHERLANDS

Nov. 5	Price Fls	+ or −
ACF Holding	183	−5
AEGON	133.8	−1.2
Ahold	187.2	+0.2
AKZO	102.3	−0.1
ABN	345	
AMEV	191.5	+0.4
AMRO	65.3	−0.9
Bredero Cert.	161	−2
Bos Kalis Westm.	15.6	+1.5
Buehrmann-Tet	69.7	+0.4
Calland Hldgs.	30.5	−0.8
Dordtsche Pet'm	150.6	−1.8
Elsevier-NDU	114	−1.4
Fokker	65	−4.7
Gist Brocades	162	−0.8
Heineken	141	−1.3
Hoogovens	64.8	−0.2
Int Mueller	37.7	+0.7
KLM	43.3xc	−0.9
Naarden	45.6	
Nat Ned Cert	241	−2.5
Ned M d Bank	147	−2.5
Nedlloyd	152.7	+0.1
Oce Grinten	266	
Ommeren (Van)	28.3	−0.4
Pakhoed	59.9	−0.3
Philips	65.2	−1.6
Robeco	67.1	−0.2
Rodamco	134.6	−0.1
Rolinco	63.4	−0.5
Rorento	42.5	−0.5
Royal Dutch	169.2	−1.5
Unilever	297	+1.5
VMF Stork	136.5	−3.5
VNU	190	+0.5
West Utr Bank	106	−0.4

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Nov. 5	Price Kroner	+ or −
Bergens Bank	158.5	−0.5
Borregaard	320	+15
Christiania Bank	156	+2.5
DenNorske Cred	160	+2
Elkem	129	
Kvaerner	173	−2
Norsk Data	345	+5
Norsk Hydro	125xa	+1
Storebrand	197.5	+7.5

SPAIN

Nov. 5	Price Pta%	+ or −
Bco Bilbao	336	−1
Bco Central	342	−1
Bco Exterior	204	−2
Bco Hispano	232	
Bco Popular	394	+3
Bco Santander	330	+1
Dragados	159	−3
Hidrola	74.5	+0.5
Iberduero	81.2	+1
Petroleos	143	+1.5
Telefonica	95	

SWEDEN

Nov. 5	Price Kronor	+ or −
AGA	352	+2
Alfa-Laval	193	+1
ASEA (Free)	370	+5
Astra (Free)	373	+8
Atlas Copco	103	
Cardo (Free)	236	−4
Cellulosa	117	+1
Electrolux B	229	−1
Ericsson	336	−1
Esselte	390	
Mo Och Domsjo	258	−3
Pharmacia	180	+3
Saab Scania Free	470	
Sandvik	384	−1
Skandia	305	−5
Skan Enskl'da	53.5	+0.5
SKF	166	−1
St Kopparbergs	160	−2
Sven Handlesbn.	184	+1
Swedish Match	255	−5
Volvo B (Free)	230	−1

SWITZERLAND

Nov. 5	Price Frs.	+ or −
Alusuisse	745	−14
Bank Leu	3,775	
Brown Boveri	1,390	+10
Ciba Geigy	2,535	−15
do. (Part Certs)	1,970	−10
Credit Suisse	2,540	+15
Elektrowatt	2,530	−10
Fischer (Geo.)	630	−15
Hoff-RochePtCts	93,000	−250
Hoff-Roche 1/10	9,300	
Jacobs Suchard	6,075	−25
Jelmoli	1,880	−30
Landis & Gyr	1,345	+5
Nestle	5,330	+10
Oer-Buehrle	1,385	−40
Pirelli	272	
Sandoz (Br)	7,075	
Sandoz (PtCts)	1,100	−10
Schindler (PtCts)	605	−20
Sika	940	+20
Surveillance	3800	+50
Swissair	1030	+4
Swiss Bank	359	−2
Swiss Reinsce	7,500	+60
Swiss Volksbk	1,490	+150
Union Bank	3,500	+40
Winterthur	3,200	+50
Zurich Ins	17,850	

AUSTRALIA

Nov. 5	Price Aust $	+ or −
ANZ Group	5.38	−0.02
Alliance Oil Dev.	0.95	−0.01
Ampol Pet.	1.8	
Ashton	0.85	−0.02
Aust Cons Ind.	1.96	+0.05
Aust. Guarantee	3.25	+0.07
Aust. Nat. Inds	2.66	−0.02
Aust. Paper	2.34	
Bell Group	5.44	
Bell Res.	4.7	
Bond Corp Hldgs	1.62	+0.02
Boral	3.53	+0.01
Bougainville	1.87	+0.02
Brambles Inds.	3.53	+0.05
Bridge Oil	2.6	+0.07
B.H. Prop.	10.35	+0.05
CRA	5.34	+0.1
CSR	3.06	+0.02
Carlton Utd	4.30	
Castlemaine Tys.	5.2	+0.04
Coles (G.J.)	4.1	
Comalco "A"	2.55	+0.15
Consolidated Pet	0.52	+0.01
Costain Aust	1.35	
Dunlop Aust.	1.95	−0.01
E.Z. Inds.	6.4	
Elders IXL	6	
Energ Res.	1.5	−0.02

AUSTRALIA (continued)

Nov. 5	Price Aust. $	+ or −
Gen Prop Trust	2.32	−0.03
Hardie (James)	3.41	−0.01
Hartogen Energy	2.2	
Herald W'yTimes	4.2	+0.05
ICI Aust.	2.22	+0.02
Jimberlana F.P.	0.45	
Kia Ora Gold	0.13	
Lend Lease	5.6	
MIM	2.87	+0.01
Mayne Nickless	3.6	−0.05
Myer Emporium	1.65	
Nat. Aust. Bank	3.72	+0.12
News	9.4	+0.2
Nicholas Kiwi	6.1	
North Bkn Hill	2.3	
Oakbridge	0.76	
Pancont'l	1.25	+0.08
Pioneer Conc.	1.66	+0.01
Poseidon	3.32	+0.07
Queensland Coal	1.16	
Reckitt & Coln.	2.9	−0.1
Repco	1.25	
Santos	6.4	
Smith (Howard)	3.94	
Thos. Natwide	1.87	+0.01
Tooth	5.6	
Vamgas	3.6	+0.05
Western Mining	3.18	
Westpac Bank	4.08	+0.03
Woodside Petrol.	1.21	+0.01
Woolworths	2.74	+0.01
Wormald Intl.	3.1	+0.05

HONG KONG

Nov. 5	Price H.K.$	+ or −
Bank East Asia	20.8	−0.2
Cheung Kong	8.15	−0.2
China Light	15.5	+0.1
Evergo	1.5	
Hang Seng Bank	37.0	+0.5
HK Electric	6.0	
HK Kowloon Wh.	4.15	−0.1
HK Land	3.27	−0.03
HK Shanghai Bk.	6.85	−0.1
HK Telephone	44.75	+1.75
Hutchison Wpa.	14.2	−0.2
Jardine Math.	7.5	−0.1
New World Dev.	4.0	+0.05
Orient O'seas	2.57	
Oseas Trust Bk.	2.62	+0.07
SHK Props	6.9	
Shell Elect.	2.05	
Swire Pac A	19	
TV—B	4.77	+0.1
Wheel'k Mard A	3.57	
Wheel'k M'time	1.46	
World Int. Hldgs.	1.4	−0.05

JAPAN

Nov. 5	Price Yen	+ or −
Ajinomoto	1,120	−30
Alps Electric	2,140	−30
Amada	1,110	+10
Asahi Chem.	575	+13
Asahi Glass	832	−1
Bridgestone	580	−5
Canon	1,600	
Casio Comp.	1,660	
Chugai Pharm.	1,110	
Citizen	506	
Daiei	645	
Dai Nippon Ptg	1,040	−10
Daiwa House	644	+20
Ebara	380	−5
Eisai	1,330	
Fanuc	11,870	+170
Fuji Bank	1,060	+10
Fuji Film	1,660	−10
Fujisawa	1,100	+20
Fujitsu	1,500	+10
Green Cross	1,680	−30
Hasegawa	1,360	
Heiwa Real Est.	578	+18
Hitachi	895	+2
Hitachi Credit	1,190	+40
Honda	1,300	+40
House Food	701	+1
Hoya	2,580	−40
Itoh (C)	292	+1
Ito. Yokado	2,510	+60
Iwatsu	1,370	+50
JACCS	320	+3
JAL	4,670	
Jusco	764	
Kajima	280	+10
Kao Soap	786	−6
Kashiyama	628	−2
Kirin	654	−2
Kokuyo	924	+9
Komatsu	434	+1
Konishiroku	590	+8
Kubota	320	+3
Kumagai	457	+33
Kyoto Ceramic	7,670	−20
Maeda Const.	472	+170
Muakino Milling	1,300	−60
Myakita	1,050	
Marubeni	312	−3
Marudai	600	+10
Marui	1,090	−10
MEI	1,640	+10
M'ta Elec Works	646	+5
M'bishi Bank	1,090	+30
M'bishi	520	+3
M'bishi Elec	420	−2
M'bishi Estate	508	+22

JAPAN (continued)

Nov. 5	Price Yen	+ or −
MHI	242	+4
Mitsui Co	326	+1
Mitsui Estate	690	+9
Mitsukoshi	345	
NGK Insulators	911	−13
Nihon Cement	199	+3
Nippon Denso	1,450	−10
Nippon Elect	1,310	−10
Nippon Express	325	−8
Nippon Gakki	1,280	+20
Nippon Kokan	136	−3
Nippon Oil	919	−12
Nippon Seiko	725	−4
Nippon Shimpan	654	−4
Nippon Steel	157	−3
Nippon Suisan	321	−9
NTV	13,940	+280
Nippon Yusen	228	
Nissan Motor	600	−2
Nisshin Flour	485	
Nisshin Steel	173	−1
Nomura	769	+11
Olympus	1,190	−10
Orient Leasing	3,500	
Pioneer	2,270	−10
Renown	630	−5
Ricoh	1,070	−10
Sankyo	970	+9
Sanyo Elect.	515	+5
Sapporo	391	−9
Sekisui Prefab	575	
Seven-Eleven	8,790	
Sharp	1,140	−10
Shimadzu	729	−11
Shionogi	710	+9
Shiseido	1,160	+20
Sony	3,850	−30
Stanley	932	−2
S'tomo Bank	1,280	+20
S'tomo Elect	925	−8
S'tomo Marine	549	+19
S'tomo Metal	155	+4
Taihei Dengyo	524	−6
Taisei Corp	201	+3
Taisho Pharm	940	
Takeda	820	
TDK	5,020	−130
Teijin	413	+6
Teikoku	690	+5
Tokyo Marine	693	+18
TBS	836	+43
Tokyo Elect Pwr	1,330	+30
Tokyo Gas	168	+5
Tokyo Sanyo	721	−19
Tokyo Style	750	+5
Tokyu Corp	279	+5
Toppan Print	915	+3
Toray	418	−2
Toshiba Elect	444	+2
TOTO	675	+2
Toyo Seikan	885	+35
Toyota Motor	1,510	−10
Victor	1,970	+30
Wacoal	737	−4
Yamaha	590	+9
Yamanouchi	1,820	−10
Yamazaki	690	+27
Yasuda Fire	349	+15
Yokogawa Bdge.	410	

SINGAPORE

Nov. 5	Price $	+ or −
Boustead Hldgs.	1.79	−0.01
Cold Storage	2.92	−0.01
DBS	5.85xa	−0.1
Genting	4.92	
Haw Par. Bros.	2.08	
Hong Leong Fin.	3.10	−0.12
Inchcape Bhd.	2.57	−0.02
Keppel Shipyard	2.79	
Malay Banking	7.9	
Malay Utd. Ind.	2.36	
Multi Purpose	0.97	
OCBC	9.2	
OUB	3.04	
Public Bank	1.82	
Sime Darby	1.89	−0.01
Straits Trdg.	4.9	
Tat Lee Bk.	2.99	−0.01
UOB	4.46	−0.04

SOUTH AFRICA

Nov. 5	Price Rand	+ or −
Abercom	1.5	
AE&CI	7.85	
Anglo Am Coal	36.0	
Anglo Am Corp	24.6	+0.25
Anglo Am Gold	174	+1.5
Barclays Bank	16.5	
Barlow Rand	10.5	+0.1
Buffels	74.5	+0.5
CNA Gallo	2	
Currie Finance	4.05	
De Beers	8.85	+0.15
Driefontein	64	+1.25
FS Geduld	56.5	+2.5
Gold Fields SA	30	+0.3
Highveld Steel	4.1	−0.05
Nedbank	11.6	−0.2
OK Bazaars	13.75	+0.5
Protea Hldns	1.6	
Rembrandt	28.75	−0.75
Rennies	13.1	
Rust Plat	15.5	
Sage Hldgs	7.10	
SA Brews	6.40	
Smith (CG)	19.5	
Tongaat Hulett	7.35	+0.25
Unisec	4.15	

OVER-THE-COUNTER *Nasdaq national market, Closing prices*

[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Tr 10½ 89	£97⅞	+⅝
Ex. 12½pc 94	£110⅜	+⅞
App. Hologr.	205	+15
BPB Inds	290	+7
Bath & Portland	286	+41
Bonusbond	23	+5
Bryant (Derek)	330	+17
Crowther (J)	41	+6
Dewhirst (I.J.)	108	+20
E. Lancs Paper	79	+4
Gent (SR)	182	+12
Heyw. Williams	125	+7
Higgs & Hill	335	+12
Hosk. & Horton	251	+11
House of Fraser	286	+10
Memec	290	+7
Nurdin & Pea.	172	+8
Quest Autom.	85	+12
Utd Biscuits	174	+5
De Beers Defd	390	+15

FALLS

Tr 2½ 20	£33¾	−⅜
Assoc Brit Foods	176	−6
Delyn Packaging	143	−8
Fleet Hldgs	194	−7
Sainsbury (J)	300	−8
Tysons (Cont)	53	−10
Yorkshire Chem.	57	−6
BP	473	−10
Burmah Oil	203	−7
Tusker Res	38	−6

Continued on Page 42

CANADA

TORONTO
Closing prices November 5

[illegible]

MONTREAL
Closing prices November 5

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 33

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

[illegible]

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LONDON STOCK EXCHANGE

MARKET REPORT

Authorities' signal for lower base-lending rates excites Gilt-edged investors

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 29	Nov 8	Nov 9	Nov 19
Nov 12	Nov 22	Nov 23	Dec 9
Nov 26	Dec 6	Dec 7	Dec 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

The authorities gave the green light for lower base lending rates yesterday morning when the Bank of England cut all four bands of its UK money market intervention rates by ½ percentage point. Gilt-edged investors were delighted and this investment area of London stock markets moved up again strongly — the twelfth consecutive advance. But equity investors adopted a more cautious stance.

Renewed domestic and foreign support forced Government securities up over a point at one stage before profit-taking ahead of today's money supply figures brought quotations away from the best. Sterling's continued improvement against the dollar generated confidence in markets awaiting the first announcements of base rate reductions: the four main clearing banks held fire yesterday but merchant bank Charterhouse Japhet lowered its rate to 10 per cent.

Prospects of a good subscription for Wednesday's new £1bn tap stock issue were heightened by the latest market strength; applications for the stock, Exchequer 9¾ per cent 1998, £20 payable at a minimum tender price of £93.50, must be submitted by 10.00 am tomorrow morning. Index-linked Gilts suffered because interest was concentrated on conventional issues, and some settled ½ easier on the session.

Many equity buyers appeared reluctant to enter into fresh trading commitments while the UK industrial relations scene remained so unsettled. Others decided to await a positive Wall Street response to the outcome of today's U.S. Presidential election. The upshot was that most leading shares here drifted a shade easier throughout the morning and thereafter merely marked time.

Few constituents of the FT Industrial Ordinary share index sustained losses of more than a penny or two with the notable exception of British Petroleum. The latter along with some other Oils were unsettled by reports of cracks in the recent Opec agreement. The index finally surrendered 4.5 of the previous week's 34.4 advance to close at 903.1.

Clearers easier

Adverse comment on the international debt situation unsettled the major clearing banks. After sustaining early falls of about 10, however, prices rallied to close only modestly lower. NatWest was the exception, down 7 at 573p, but Barclays ended only 3 off at 530p as did Lloyds, at 525p. Midland recovered from 345p to finish unchanged on the day at 350p. Elsewhere, Hill Samuel, recently supported on hopes of a bid from Bats, slipped 5 to 293p; the interim results are scheduled for Friday.

Derek Bryant, still excited by the near-7 per cent stake recently taken up by Prudential, jumped 17 more to 330p. Other Lloyd's Brokers, however, cheapened on currency considerations. C. E. Heath gave up 4 at 473p and Willis Faber 10 at 933p.

Three USM newcomers all made satisfactory debuts. Chemical materials concern CVD Incorporated opened at 115p and moved up to 126p compared with the placing price of 105p, while polythene bags manufacturer Alida Holdings, placed at 140p, started at 144p and settled at 150p. Health Care Services, formerly London Private Health, opened at 31p, but slipped back to close only a penny above the placing price of 28p.

The undertone in Buildings remained distinctly firm and the leaders made further selective progress. BPB Industries continued to attract demand ahead of the interim results due at the end of the mont hand the close was a net 7 up at 290p. Tarmac settled 6 higher at the day's best of 496p, while RMC, 388p, and Redland, 280p, both rose 4. Elsewhere, revived demand in a restricted market lifted Higgs and Hill 12 to 295p, while favourable Press comment stimulated Heywood Williams, 7 higher at 125p. Stanley Miller attracted late support and closed 3 up at 19p. Against the trend, Tysons slumped 10 to 59p following dismal interim results, while McCarthy and Stone fell 15 to 210p, after 205p, on talk that a sizeable put-through had recently been completed around the 205p level.

ICI encountered sporadic selling and slipped 6 to 684p: the group has refused to comment on whether reports that it is negotiating the purchase of Coe Laboratories of the U.S. are correct. Among other Chemicals, Yorkshire shed 6 to 57p following reports that the chairman had resigned for personal reasons, but Press suggestions that Burmah Oil may bid for the company left William Canning a couple of pence dearer at 104p, after 106p.

House of Fraser up

House of Fraser held the limelight following Lonrho's surprise sale of its 29.9 per cent stake in the store group to business interests of the wealthy Al-Fayed family of Egypt for £138.3m. Press speculation that Fraser might now be the subject of a full-scale bid and that Mr "Tiny" Rowland could still figure prominently if this should be the case fuelled speculative demand for Fraser which closed 10 up at 296p; Lonrho, at 167p, lost 3 of Friday's gain of 9. Elsewhere in Stores, I. J. Dewhirst jumped 20 to 108p in response to an investment recommendation, while S. R. Gent found support at 182p, up 12. Still drawing strength from a recent broker's circular, MFI firmed 7 to 210p. Bentalls gained 4 to 56p on news of a property disposal, while Dixons, awaiting further developments in the bid situation, added 8 at 347p; Currys shed the same amount at 422p.

Among the Electrical leaders, Thorn EMI passed a quiet trading session following last week's bout of speculative activity and closed 6 cheaper at 474p, after 470p. Press mention prompted a further rise of 12 to 65p in Quest Automation, while Memec, reflecting the proposed acquisition of an 85 per cent interest in IST Sales and Trading, improved 7 to 290p. USM-quoted Applied Holographics advanced 15 further to 205p.

Interest in the Engineering leaders failed to expand from the recent low level. Secondary issues fared little better in the way of activity. Among the occasional movements, Ransomes Sims rose 5 to 388p, while Renold firmed 2½ to a new peak for the year of 55½p. News of the half-year loss and passing of the interim dividend left Bronx 2 cheaper at 13p.

Recently firm Food Retailers turned easier. J. Sainsbury encountered selling in front of today's half-timer and closed 8 down at 300p, after 298p, while Associated Dairies, quoted ex the scrip issue, gave up 5 to 150p. Tesco slipped 4 to 206p, as did Kwik Save, to 170p. Against the trend, Nurdin and Peacock attracted late support and rose 8 to a 1984 peak of 172p, while Albert Fisher added 2 to 121p following Press comment. Dealings in Cullens issues were temporarily suspended with the ordinary at 365p and the "A" at 260p following a bid approach. Among Food Manufacturers, Associated British Foods reacted to 172p prior to closing a net 6 down at 176p following interim profits at the lower end of expectations and a cautious statement. Rowntree Mackintosh continued to drift in the absence of any bid developments and the close was a net 6 down at 374p. On the other hand, United Biscuits gained 5 to 174p on Press suggestions of a possible U.S. bid for the group.

Bath & Portland bid

Interest in miscellaneous industrials was enlivened by a jump of 41 to 266p in Bath and Portland on news of a cash and share exchange offer from C. H. Beazer; the latter closed 6 lower at 368p, which values the bid worth around 239p per share. Hoskins and Horton, up 11 at 251p, reflected hopes of an increased offer from Scottish Heritable Trust. Elsewhere, favourable weekend Press comment stimulated Lester "A," up 4 at 61p, and Ferguson Industrial, 6 to the good at 164p. Interim figures from Applied Computer, down 5 at 265p, after 260p, failed to impress, but Sketchley came to life with a rise of 10 to 404p. Pearson also found support and put on a similar amount at 575p. United Parcels, helped by news of the proposed acquisition of Atlas Express, gained 5 to 70p.

Smiths Industries were again noteworthy for a fresh rise of 15 to 633p, but Valor, a good market of late, drifted back 4 to 159p awaiting next week's interim statement. Profit-taking clipped a few pence off F. H. Tomkins, at 117p.

Among Leisure issues, Pleasurama attracted fresh support and rose 10 to 348p, but Pineapple Dance Studios fell 9 to 86p following adverse Press comment.

Jaguar, supported up to 215p on renewed U.S. demand and hopes of an early settlement to the current industrial dispute, drifted lower in the late trade to close unaltered at 212p. Elsewhere in Motors, Lex Service touched 347p on Press comment but then succumbed to profit-taking and finished a net 5 easier on the day at 335p.

East Lancashire rose to 82p before closing 4 higher on balance at 79p following the board's forecast of a "dramatic" increase in profits contained in the letter to shareholders rejecting British Syphon's offer. Elsewhere in Paper/Printings, Delyn fell 8 to 142p, after 140p, on news of the interim deficit. A firm market last Friday on speculation that Lonrho might launch a bid following the sale of its stake in House of Fraser, Fleet Holdings encountered profit-taking and lost 7 at 194p, after 192p.

Shippings were inclined harder in places. P & O Deferred put on 3 to 280p and British and Commonwealth added 6 at 205p.

J. Crowther, 6 better at 41p, after 42p, provided an isolated firm feature in Textiles.

Aitken Hume, 165p, and Bonus Bonds, 23p, rose 5 apiece following Press comment. Elsewhere in Investment Trusts, Gresham House gained 15 to 235p on renewed demand in a thin market.

Oils drift

Oil shares made a drab showing as the market expressed concern about whether the recently concluded Opec agreement would hold. British Petroleum were the major casualty among the leaders and the close was a net 10 down at 473p. Shell softened 4 to 653p, after 650p, while Ultramar, 255p, and LASMO, 315p, shed 5 apiece. Burmah turned dull and lost 7 to 203p following comment on the recently-announced disposal of Halfords and suggestions that the group may bid for William Canning, the chemicals concern.

Irish oil exporters had another volatile session, notably Tuskar Resources which, after touching 44p initially, came under selling pressure on adverse drilling rumours and reacted to 35p prior to closing a net 6 down at 36p. On the other hand, Oliver Prospecting attracted demand in a restricted market and rose 10 to 150p.

Overseas Traders plotted an irregular course in thin trading. William Jacks improved 2½ to 32½p, but Mills and Allen gave up 10 at 285p.

Gold continue recovery

South African Golds and related issues took last Friday's rally a stage further. Once again, a better performance by bullion, up $0.50 at $343, provided the primary spark and coupled with the Rand's continued recovery from last week's all-time low, proved sufficient to restore a certain level of investment confidence.

The firmer South African currency stimulated Johannesburg buying which, although of a scrappy nature, was enough to outweigh slightly easier indications from Wall Street. In contrast to recent sessions, Swiss sources were sellers for choice and the major producers finished below the best, but the FT Gold Mines index still posted a gain of 20.7 to 524.9 — a two-day advance of over 31 points.

Rises among the Heavyweight Golds extended to over a full point as in Southvaal, £34¾, Free State Geduld, £24⅞, and Western Deep, £33⅜. Smaller-priced issues also made progress across a broad front with gains of around 30 common to Stilfontein, 880p, ERGO, 480p, and Grootvlei, 682p.

South African Financials responded to the improved sentiment and "Amgold" rose 1¼ to £75½, while Transvaal Consolidated Land firmed 1½ to £22¼. De Beers attracted West German interest and advanced 15 to 390p; the interim results are expected later this month. "Anamint" closed a point dearer at £39 and the Bermudan-registered Minorco returned to favour with a gain of 45 to 565p.

Proceedings in London-domiciled Financials again centred on Rio Tinto-Zinc which responded to UK "call" option business with a gain of 7 to 612p. Consolidated Gold Fields hardened a few pence to 493p.

A good showing in overnight Sydney and Melbourne markets prompted a better tone among Australians, although most rises were pared by sporadic profit-taking. Several Golds retained their gains, with Gold Mines of Kalgoorlie 6 up at 413p. Similar rises were noted in Poseidon, 225p, and Pancontinental, 86p, while Whim Creek improved 4 to 174p and Sons of Gwalia 3 to 63p.

Tins continued to highlight Geevor which advanced 12 for a two-day gain of 20 to 210p with weekend Press comment generating further takeover speculation: RTZ controls almost 20 per cent of the equity.

FINANCIAL TIMES STOCK INDICES

	Nov. 5	Nov. 2	Nov. 1	Oct. 31	Oct. 30	Oct. 29	Year ago
Government Secs	82.70	82.28	81.56	81.36	81.02	80.76	81.90
Fixed Interest	85.23	84.86	84.35	84.37	84.00	83.85	84.97
Industrial Ord	903.1	907.6	896.9	888.0	885.1	878.2	721.4
Gold Mines	524.9	504.2	493.5	507.7	510.4	519.2	474.5
Ord. Div. Yield	4.72	4.67	4.72	4.77	4.79	4.85	4.75
Earnings, Yld.% (full)	11.26	11.15	11.27	11.39	11.43	11.52	9.41
P/E Ratio (net) (*)	10.67	10.76	10.65	10.54	10.50	10.42	13.26
Total bargains (Est.)	18,307	19,446	18,725	18,269	18,859	19,476	18,847
Equity turnover £m.	—	365.61	317.53	321.27	252.68	198.40	154,684
Equity bargains	—	19,469	17,233	17,891	17,062	16,720	16,421
Shares traded (ml)	—	194.9	173.8	169.8	145.5	130.6	988

10 am 905.9. 11 am 904.8. Noon 903.6. 1 pm 903.6. 2 pm 903.5. 3 pm 903.5.

Basis 100 Govt. Secs. 15/2/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.24.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.73 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int	87.48 (14/5)	80.43 (30/7)	155.4 (28/11/47)	50.03 (3/1/75)
Ind. Ord	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (8/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 2	Nov. 1
Daily Gilt Edged Bargains	175.1	140.4
Equities Bargains	126.1	111.7
Value	779.8	641.8
5-day Average Gilt Edged Bargains	147.3	136.4
Equities Bargains	114.5	111.7
Value	596.5	554.5

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon Nov 5 1984

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. ●Corrected figures for Nov 3 1984.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (116)

BRITISH FUNDS (15)
INT. BK. & O'SEAS GOVT. STLG. ISS. (6)
CORPORATION LOANS (1)
COM'WEALTH & AFRICAN LOANS (1)
LOANS (3)
FOREIGN BONDS (2)
BANKS (1)
BREWERS (1)
BUILDINGS (1)
CHEMICALS (2)
STORES (12)
ELECTRICALS (5)
ENGINEERING (3)
FOODS (3)
HOTELS (2)
INDUSTRIALS (21)
INSURANCE (3)
LEISURE (2)
MOTORS (1)
NEWSPAPERS (2)
PAPER (3)
PROPERTY (7)
TEXTILES (6)
TRUSTS (11)
MINES (2)

NEW LOWS (14)

AMERICANS (3)
Damson Oil; Tracor Inc.; MidCon Corp.
CANADIANS (1)
Pecos Resources
BREWERS (1)
Invergordon Distils.
BUILDINGS (1)
Tysons (Contractors)
ELECTRICALS (2)
Greenwich Cable Comms.; Resource Technology
INDUSTRIALS (1)
Sheldon Jones
TRUSTS (1)
Baillie Gifford Tech
OILS (1)
Hunting Petroleum
OVERSEAS TRADERS (2)
Boustead; Nesco Invs.
MINES (1)
Samson Exploration

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	93	10	1
Corpns. Dom. & Foreign Bonds	42	—	36
Industrials	282	282	870
Financial & Props.	94	106	328
Oils	25	27	67
Plantations	1	3	14
Mines	88	10	82
Others	40	108	60
Totals	663	536	1,458

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters (or fully-paid). ‖ Introduction. ◆ Unlisted Securities Market. ‡ Placing price. † Figures assumed. ‡ Units comprising one ordinary share and one option. †† Official London Listing. $ Shares of no par value.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 5	Nov 16	Feb 7	Feb 18
Nov 19	Nov 30	Feb 21	Mar 4
Dec 3	Dec 14	Mar 7	Mar 18

For rate indications see end of Share Information Service

Stocks favoured for the call included Oliver Prospecting, Brunswick Oil, Tozer Kemsley and Millbourn, Polly Peck, DRG, Combined Technologies, RTZ, Marley, Suter, British Home Stores, Security Centres, Sketchley, Owen and Owen, W. Canning, Aran Energy and Aquascutum. No puts were reported, but doubles were taken out in Lucas, Commercial Union and Lifecare.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Applied Computer	265	−5
Assoc. British Foods	176	−6
Bath and Portland	266	+41
BP	473	−10
Dewhirst (I. J.)	108	+20
Fleet Holdings	194	−7
Hoskins and Horton	251	+11
House of Fraser	296	+10
ICI	684	−6
Lex Service	335	−5
Lonrho	167	−3
Sainsbury (J.)	300	−8

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
House of Fraser	25	286	+10
Fleet Holdings	18	200	+12
Lonrho	18	170	+9
RTZ	13	605	+22
Thorn EMI	13	480	+16
BAT Inds	12	285	+5
De Beers Dfd	12	375	+10
Polly Peck	12	390	+15
BTR	11	525	+15
Cons Gold Flds	11	450	+15
Flight Refuel	11	255	+15
Metal Box	11	347	+12
Strong & Fisher	11	163	+13
Ward White	11	164	−2

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 17,383

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Nov. 5. Total Contracts 5,199. Calls 3,926. Puts 1,273.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ●+ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¤ Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	82	......	Arnott	260	−10
Craig & Rose £1	£11	......	CPI Hldgs	57	......
Finlay Pkg. 5p	42	......	Carrol Inds.	136	......
Higsons Brew	85	......	Dublin Gas	65	−2
Holt (Jos) 25p	890	......	Hall (R. & H.)	43	−2
IoM Stm. £1	120	......	Helton Hldgs.	15	......
IRISH			Irish Ropes	35	......
Exch. 12% 1985	£99	......	Jacob (W. & R.)	65	−½
Nat. 9¾% 84/89	£84¾	......	TMG	65	......
Fin. 13% 97/02	£89¼	......	Unidare	77	......

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	15	Hawker Sidd	38	Vickers	14
BOC Grp	27	Hse of Fraser	26	Woolworth Hldg.	50
BSR	26	ICI	42		
Babcock	17	'Imps'	12	**Property**	
Barclays Bank	45	ICL	7½	Brit Land	11
Beecham	32	Ladbroke	23	Cap Counties	16
Blue Circle	40	Legal & Gen	45	Land Secs	25
Boots	16	Lex Service	40	MEPC	25
Bowaters	25	Lloyds Bank	58	Peachey	17
Brit Aerospace	20	'Lots'	3	Samuel Props.	12
BAT	15	Lucas Inds	18	Sterling Guar.	4
Brown (J.)	3	'Mams'	14		
Burton Ord	22	Marks & Spcr	20	**Oils**	
Cadburys	11	Midland Bk	36	Brit. Oil & Min.	9
Comm Union	16	NEI	10	Brit Petroleum	35
Courtaulds	11	Nat West Bk	60	Burmah Oil	17
Debenhams	14	P & O Dfd	25	Charterhall	9
Distillers	22	Plessey	20	Premier	6
Dunlop	5	Racal Elect.	18	Shell	55
FNFC	6½	Rank Org Ord	24	Tricentrol	20
Gen Accident	42	Reed Intnl	40	Ultramar	60
Gen Electric	16	Sears	8		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

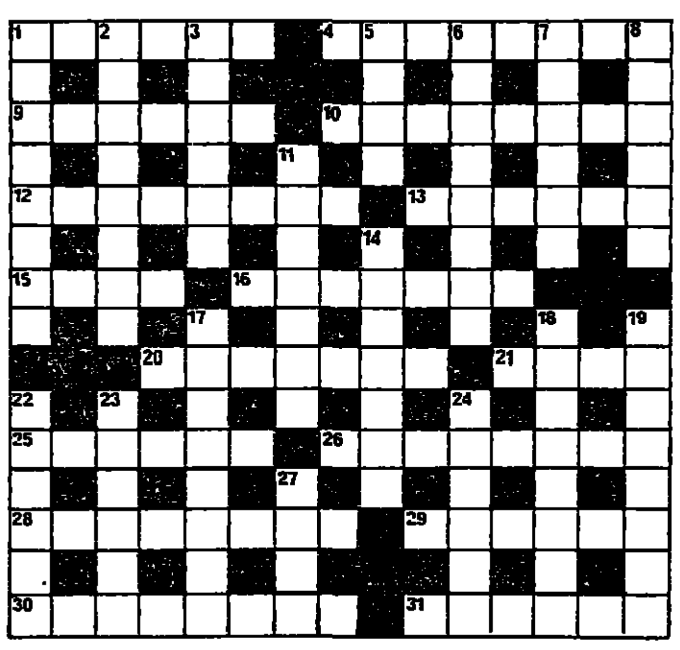
FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

F.T. CROSSWORD PUZZLE No. 5,562



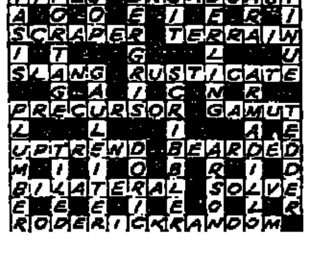
ACROSS

1 First sign of frost—harsh and cold (6)
4 Break trophy? That's eccentric (8)
9 Cancel the minister (Yes, English) (6)
10 Usual quality flagging? (8)
12 Rough rags bind the outlaws (8)
13 Top class turns in supply (relating to offspring) (6)
15 Idiot told off (4)
16 Cricketer and French runner (7)
20 Ad I must broadcast for sports fixtures (7)
21 Journey to an old city (4)
25 Time runner who follows certain lines (6)
26 Hard rain splashing about old lady (8)
28 Short grain in tin, say, pertaining to measurement (8)
29 To produce work providing relief (6)
30 Dog's part of arch? (8)
31 Kind of opportunity. Wedding? (6)

DOWN

1 Prognosticate beer and food in certain order (8)
2 Entice with endless streak in fireplace (8)
3 Disturb kip and stamping goes with it (3-3)
5 Heads of realm in this eventful ceremony? (4)
6 Limits by noun or verb (8)
7 Although mild, I'd clap excitedly (6)
8 Depart like a child? (6)
11 Supplementary details to total final one (7)
14 Country the girl's giving study (7)
17 A heathen, I announce contribution from Attica (8)
18 Successful burner, of course! (8)
19 Plenty of dollars on him, relatively (8)
22 Puts foot on rugs turning up (afterthought) (6)
23 Quicker, though less likely to run? (6)
24 Game involving ABC or heart of rhyming (6)
27 Watch out for the hollows (4)

Solution to Puzzle No 5,561



INSURANCE, OVERSEAS & MONEY FUNDS

Midland Bank Tst Corp (Jersey) Ltd
28-34, Hill St. St Helier. Jersey. 0534 36281

MdBkOsGl	103.2	103.5xd	....	11.58
MdBkIntBd	$1.05	1.06xd	....	7.55

Minerals, Oils Res Shrs Fd Inc
PO Box 194, St Helier, Jersey. 0534 27441

MorcoNo1	$11.01	11.35	....	3.52

Samuel Montagu Ldn Agents
114, Old Broad St. EC2. 01-626 3434

MtAmEqIn(z)	93.8	98.5xd	−1.7	5.38
MtJanIn(z)	68.0	71.5	+0.5	4.34
MortGlIn(z)	49.5	52.1	+0.5	10.31
MtStRO30	£14.98	14.99	....	—
MtInCrO30	$9.41	9.89	....	—
Ap O30	SF106.85	115.9	....	1.20
JpOc31	HK$43.84	47.55	....	0.16
117GoS28	$17.65	18.99	....	1.36
MFRNF N1	$10.05	10.07xd	....	—
USFIF Oc2	10.77	11.33	....	—

Murray Johnstone (Inv Adviser)
163, Hope St, Glasgow, C2. 041-221 3521

HpeStNo6	$69.64	74.59	+2.74	—
MurFdNv1	$19.40	20.66	....	—
PacFd Oc31	$3.06	3.22	....	—

NEL International Ltd
PO Box 119, St Peter Port, Guernsey, CI.

SterlingDep	76.5	80.6	....	—
SterlFxdInt	86.4	91.0	....	—
SterlingMan	84.5	102.7	....	—
IntlFxdInt	101.8	110.6	....	—
Intl Mngd	102.5	111.4	....	—

Nat Westminster Jersey Fd Mgrs Ltd
23/25 Broad St. St Helier, Jersey. 0534 70041

HhInFd(a)(b)	54.8	57.0xd	+1.0	10.53
EqtyFd(a)(b)	98.8	105.0	−1.0	2.13
IntBdFd(a)*	78.7	81.0	....	6.84

*Sub day every Thurs.

County Bank Currency Fund (z)

Dollar Class	$22.9262	+0.0088	—
Sterling Class	£11.3472	+0.0036	—
D-Mark Cl	DM53.3060	+0.0067	—
DutchGldrCl	DFl53.3087	+0.0059	—
JapYenCl	Y5,404.7871	+0.7984	—

Negit SA
10a Boulevard Royal, Luxembourg.

NAV	$9.13	+0.14	—

Newport International Management
Bank of Bermuda Bldg, Bermuda. 809 295 4000

NptInSec	$15.42	—	+0.03	—
NptInICF	$14.49	—	+0.03	—
NptPacific	$12.22	—	+0.09	—

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 809 295 4000

AmericnTst	$8.33	8.68	....	—

Normandy Trust Managers Ltd
29, Athol St, Douglas, IoM. 0624 29696

NmdyMt	£0.931	1.0432	....	2.00
NdyCmT	£1.2699	1.3368	....	2.00
£mbrCrG	£0.7640	0.8043	....	2.00

Northgate Unit Tst Mngrs (Jersey) Ltd
PO Box 82, St Helier, Jersey. 0534 73741

PclcFdOc31	11.91	12.82	....	—

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.

NAV	$15.86	−0.11	—

Inv. Adv., M & G Inv. Mngt. Ltd., London.

Perpetual UT Mngrs (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517

OffshrGr	$1.091	1.171	....	—

Phoenix International
PO Box 77, St Peter Port, Guernsey. 0481 23539

IntDollarFd	$4.10	4.42	....	—
Far East Fd	$3.42	3.69	....	—
Int Cury Fd	$1.73	1.87	....	—
DirFxIntFd	$4.06	4.38	....	—
Stg ExGtFd	£2.54	2.74	....	—

Providence Capitol International Ltd
PO Box 121, St Peter Port, Guernsey. 0481 25726/9

£UKStkmkt	166.2	178.8	....	—
$ Int Stkmkt	97.0	104.4	....	—

TSB Trust Funds (CI)
26 Hill St., St. Helier, Jersey (CI). 0534 73494

TSB Gilt Fd	99.01	102.0xd	....	11.75
TSB Gilt Fd Jy	99.0	102.0xd	....	11.76
TSB Jy Fd	92.8	97.7	....	3.88
TSB Grnsy Fd	92.8	97.7	....	3.88
TSBCrncyFd	101.4	106.6xd	....	—

Prices on Oct 31. Next sub day Nov 7.

Taiwan (ROC) Fund
c/o Vickers da Costa Ltd. King William St. London, EC4. 01-623 2494
NAV$462. IDR value US$11 + 764.71.

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534-72936

Man Cur Fd	103.5	109.2	−0.4	4.21

Tennant (Cayman) Managers Ltd and NATCO
PO Box 2189, Grand Cayman. 0101 (809) 9497436

Wstmtr Com	$8.33	8.79	....	—

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $143.63.

Tokyo Pacific Hldgs (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $103.35.

Tyndall Bank (Isle of Man) Ltd
30, Athol St., Douglas, Isle of Man 0624 29201

Stg Mny Fd	—	—	....	10.00
U.S. $ Mny Acc	—	—	....	9.00

Tyndall Managers
2 New St. St Helier, Jersey. 0534 37331/3

TOFSL	194.6	209.0	....	1.20
American	210.0	27.0	....	1.77
Far Eastn	261.2	279.8	....	0.89
European	113.4	121.6	....	0.82
PrtfloSIAmer	101.6	109.8	....	—
PrtfloSIMan	104.8	112.8	....	—
PrtfloFrEst	107.6	115.2	....	—
PrtfloSIEuro	106.8	114.4	....	—
Jersey Fd	172.4	188.2	....	8.20
(Nn-J AcUts)	409.6	447.0	....	—
Gilt Fund	116.0	118.2	....	10.26
(Accum Shs)	305.4	310.0	....	—
Victory House, Douglas, IoM.				0624 24111
High Inc Gilt	108.4	110.6xd	....	12.47
(Accm Sbs)	208.4	212.4	....	—

Tyndall International Assurance Ltd
Albert House StPeter Port, Guernsey. 0481 27066

Intnl Equity	437.2	460.3	....	—
Do $	5.345	5.630	....	—
Pacific Eqty	135.0	142.2	....	—
N'l Amr Eqty	91.7	96.6	....	—
Do $	1.650	1.740	....	—
Do $	1.120	1.180	....	—
UK Equity	291.0	306.4	....	—
Do $	3.555	3.745	....	—
Euro Equity	118.9	125.2	....	—
Do $	1.450	1.530	....	—
Do $	5.390	5.675	....	—
Intnl Fxd Int	440.8	464.0	....	—
Stg Fxd Int	269.3	283.5	....	—
Do $	3.290	3.465	....	—
$ Deposit	141.3	148.8	....	—
Do $	1.725	1.820	....	—
Stg Deposit	155.6	163.8	....	—
Do $	1.900	2.000	....	—
Commodity	430.1	452.8	....	—
Do $	5.260	5.540	....	—
Gold	83.1	87.5	....	—
Do $	1.015	1.070	....	—
UK Propty	194.5	204.8	....	—
Do $	2.375	2.500	....	—
Intnl Mngd	359.6	378.6	....	—
Do $	4.395	4.630	....	—
UK Mngd	254.4	267.8	....	—
Do $	3.110	3.275	....	—

Tyndall-Guardian Mngt Ltd
PO Box 1256, Hamilton Bermuda

T-G American	$20.91	....	—
T-G Eurobond	$16.38	....	—
T-G Money	$23.86	....	—
T-G Commodity	$21.74	....	—
T-G Overseas	$11.32	....	—
T-G Mortgage	C$21.82	....	—
T-G Pacific	Y2.093	....	—
T-G Wall Street	$25.85	....	—
T-G Gold	$8.28	....	—

M. G. Tyrrell & Co Ltd

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

WwdeGthF	$11.71	—	+0.18	—

Inv. Adv.: M&G Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd
10, St George's St, Douglas, IoM. 0624 25015

Wren Com Fd	12.8	13.3	....	3.10
Chinese Fd	59.9	62.4	....	1.70
PrecMetlFd	122.6	127.7	....	8.30
VangCmdyFd	26.1	26.8	....	0.00
FinFuturesFd	32.1	33.4	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal Luxembourg.

Dynmc Gth Fd	$9.59	+0.04	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd				
36 Berkeley Sq. W1X 5DA. 01-499 6634				
M'hallMnyFd	9.25	9.59	Qtr	Call
The Money Market Trust				
63 Qn Victoria St EC4N 4ST. 01-236 0952				
Call Fund	10.37	10.70	6mth	7day
7-day Fund	10.39	10.73	6mth	7day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	10.38	10.54	6mth	Call
7 day Fund	10.00	10.25	6mth	7day
MnyMgAc	10.12	10.52	3mth	Call
Dollar	8.50	8.68	6mth	2day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	10.65	Qtr	Call
MnInChAcc	10.125	10.61	Mth	Call
Bank of Scotland				
38 Threadneedle St. EC2P 2EH. 01-628 8060				
Cheque Acc	10.10	10.58	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton. 0604 252891				
High Int Chq	10.25	10.65	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ. EC2M 5QL. 01-588 2777				
Cater Allen	9.75	10.998	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	10.00	10.47	Mth	Call
U.S. Dollar	9.50	10.06	Mth	Call
German Marks	5.0	5.19	Mth	Call
Japanese Yen	5.0	5.19	Mth	Call
Swiss Francs	2.0	2.05	Mth	Call
Choulartons				
30 Ashley Rd. Altrincham, Cheshire, WA1 2DW. 061-928 9011				
Cheque Acc	10.56	11.09	Mth	Call
Co-operative Bank				
78-80 Cornhill EC3. 01-626 6543 Ext 464				
Cheque & Save	8.50	8.77	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
MnyMkt Acc	10.25	10.66	Qtr	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	10.50	10.78	Rate	14day
M & G Kleinwort Benson				
91-95 New London Rd. Chelmsford. 0245 51651				
HighIntChqAc	10.12	10.65	Daily	Call
Midland Bank plc				
PO Box 2 Sheffield. 0742 20999 Ext 8738				
High Int Chq	10.00	10.38	Qtr	Call
Save & Prosper/Robert Fleming				
28 Western Rd. Romford RM1 3LB. 0708 66066				
HighIntStdAc	9.62	10.10	Daily	Call
Premier Acc	9.62	10.10	Daily	Call
Tyndall & Co				
29-33 Princess Victoria Street, Bristol BS8 4BX. 0272 732241				
Demand Acc	10.17	10.56	Qtr	Call
Money Acc	10.125	10.51	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 827733				
SpecialAcc	10.20	10.69	Mth	Call
Over £10,000	10.45	10.97	Mth	Call

NOTES—interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ⊄ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. @ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Firm sterling causes fall in aluminium prices

BY RICHARD MOONEY

AFTER ATTEMPTING another rally in early dealings, the London Metal Exchange aluminium market fell back again yesterday. The cash quotation, which last week lost £20 of the previous week's £77 rise, ended £7.50 down at £909 a tonne.

Dealers said yesterday's fall was largely due to sterling's firmness against the dollar. News that stocks of aluminium held in LME registered warehouses fell 1,300 tonnes last week to 142,200 tonnes had only a marginal impact on sentiment, they added.

Sterling's strength also pushed most other LME metals prices lower, with cash high grade copper ending £2.50 down at £1,088.50 a tonne and cash zinc losing £4 to £638.75 a tonne. Nickel continued its recent slide and the cash price finished £20 down at £3,792.50 a tonne.

The exception to the easier trend was lead which ended £13.25 up in the cash position at £351.75 a tonne.

Dealers attributed this strong performance mainly to last week's 2,250 tonnes fall in LME stocks which took them to 40,450 tonnes.

● International Tin Council quotas are having little impact in supporting the world tin market, according to Sudjatmiko, the Chief Director of Indonesia's state-owned tin company PT Timah, reports Reuter.

At a Press conference in Jakarta he said the market was sluggish due to high stocks, tin smuggling, higher output by non-ITC countries and U.S. stockpile releases.

Sudjatmiko said PT Timah planned to stockpile its tin at Batam Island rather than in Singapore before export. Batam is near Singapore and has been designated a special development economic zone.

The state-owned company planned to make Batam Island the centre of its logistics activities, with repairs of Timah's vessels being carried out at Batam instead of Singapore, he said. No date was given for the switch.

Sudjatmiko put world tin stocks at around 68,000 tonnes, down 4,000 tonnes from three months ago, but said they should be lower in view of the ITC quotas. He said Indonesia was exporting around 18,000 tonnes annually, in line with ITC rules.

Around 12,000 to 13,000 tonnes of smuggled tin was entering the world market every year, he estimated.

Among the non-ITC countries, Brazil was producing 16,000 to 17,000 tonnes this year compared with 13,000 tonnes last year and Bolivia had increased output to 22,000-23,000 tonnes from 17,000 tonnes, he claimed.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes in week ending Nov. 3)

Aluminium	−1,300	to 142,200
Copper	−7,525	to 155,525
Lead	−2,250	to 40,450
Nickel	+186	to 11,846
Tin	+70	to 23,740
Zinc	+250	to 35,975
		(tonnes)
Silver	−918,000	to 51.34m
		(troy ounces)

S. Africa backs wine campaign

THE SOUTH African Government is backing a multi-million pound campaign to boost the sale of its wines in the UK. From this month the Government and members of the Cape Wine and Spirit Exporters Association plan to spend more than £500,000 a year at least until 1987 to increase sales in the UK, which have fallen heavily in the last few years.

South African Sherry sales have dropped by 8 per cent since Britain joined the EEC and import duties were imposed. Sales have fallen from [illegible] cases in 1973 to 200,000 last year.

● COFFEE RUST disease has been detected for the first time in Venezuela on a farm near the Colombian border, Sr Felipe Gomez Alvarez, Agriculture Minister, said. Coffee rust, which causes defoliation and reduces production, was originally introduced to Brazil and Africa and subsequently spread to Colombia.

● U.S. ROASTINGS of green coffee in the week ended October 27 were about 350,000 (60 kg) bags, including soluble production, compared with 345,000 in the corresponding week of last year, George Gordon Paton said.

Roastings for the year to October 27 totalled 13.88m bags against 13.49m last year.

● THAI RUBBER exports fell 2.3 per cent to 360,654 tonnes in the first eight months of this year compared with the year-ago period, the Customs Department said. However, August exports increased to 54,737 tonnes from 27,000 a year earlier.

● TRADE DEMAND for finer, light-fault merino fleece will remain strong at this week's Australian wool auctions, the Australian Council of Wool Buyers forecast. The merino market appeared to have begun to strengthen, the council said in its weekly market preview. Reuter

Sarah Pharo on irrigation schemes to grow soft fruit and vegetables

Cyprus aims at unseasonal tastes

OUT OF SEASON fresh vegetables and soft fruit from Cyprus will soon be on sale *throughout Britain, with the* first strawberries here for Christmas.

Large-scale irrigation projects, partly funded by the World Bank, are due to bring nearly 16,000 extra hectares of land into full production inside the next 10 years at an estimated cost of nearly £400m.

Cyprus already has a reputation for high quality early potatoes—mostly grown from seeds originating from the UK. They supplement the market here before home supplies are ready, usually from late March to June.

The island hopes to build other vegetable and fruit exports on that success. As well as strawberries it plans to send more tomatoes, asparagus, aubergines, cucumbers, celeries, green beans, lettuces, peas, courgettes and honeydew melons.

New crops are under trial at government experimental farms all the time—avocados, passion and kiwi fruit and the popular iceberg lettuce should all be here within the next 12 months. The first raspberry canes are being planted and should fruit next year.

Lack of water is the island's greatest problem. Many areas are without appreciable rain for nine months of the year and the soil is so dry some crops would be impossible to grow.

Potatoes are the biggest single agricultural export—with nearly 140,000 tonnes exported this year—but every acre has to be irrigated, the highest single cost of production.

The first irrigation scheme, in the west part of the island at Pathos, is fully operational and has cost nearly £100m. This year 4,000 hectares of land have had full irrigation, much for the first time, and the final 1,000 hectares will be ready for next year.

Water is fed along an open conveyor system that feeds balancing tanks all the way down to the coast. *At Pathos* alone there are nearly 400 miles of pipes and the main reservoir holds 50 cu m fresh water, with demand supplemented from bore holes.

Farmers have the benefit of fully automated water supplies 24 hours a day and they are being encouraged to grow early crops that will attract premium prices. Once an initial subsidiary period is finished the water will cost about 20p a cu m so that capital and running costs can be recovered.

Mr P. Michaelides, deputy manager of the project, said: "The water will seem expensive.

"But it will save labour and allow a higher return from premium crops that will be top export quality."

The irrigated area has been split roughly in two with one half supporting seasonal and early vegetables and soft fruit and the other growing citrus trees, avocados, table grapes and deciduous trees. There are also government grants for plastic tunnels or greenhouses to encourage even earlier production.

Mr Andreas Petrondas, Cyprus director of trade, said: "We believe we will be able to both increase and improve agricultural production as these irrigation projects progress.

"The EEC has become very protectionist, especially in the field of agricultural products and we are constantly looking for new exportable foods that can attract high prices for the quality we can provide."

The island's other problem is marketing, or lack of it, and top level talks are under way in an attempt to set up a vegetable marketing board, probably along the lines of the successful Cyprus Potato Marketing Board.

Some form of national branding is also favoured, with the backing of an organisation similar in structure to Food from Britain.

Since the invasion in 1974 the Turkish part of Cyprus has been able to trade on the export success in Europe of the Greek Cypriots. Now the Greeks are keen to establish the exact origin of the goods on sale here.

They fear the loss of traditional European markets as Spain moves nearer full EEC membership and their own Association Agreement—signed in 1973—shows no sign of progressing. They still pay damaging customs tariffs and have quota restrictions on a wide variety of imports.

Dr Dimitrios Christodoulou, Minister of Agriculture and Natural Resources, said: "We have to be ingenious to survive. We are doing all we can to improve quality and production but we need to be able to trade competitively with our European neighbours."

French lower EEC sugar forecast

PARIS—The French sugar market intervention board (Firs) has lowered its forecast of 1984-85 EEC sugar production to 12.15m tonnes (white value) from the 12.24m estimated a month ago.

In 1983/84 the EEC produced a total of 11m tonnes.

Firs estimated total community beet sugar output at 11.84m tonnes against 11.93m last month and 10.72m in 1983-1984.

It lowered estimated average yield to 6.85 tonnes per hectare from 6.9 last month and compared with 6.42 tonnes in 1983-1984. The area planted estimate was left unchanged at 1.73m hectares compared with 1.67m in 1983-84.

Firs said its latest total EEC production estimate would be reached only if the weather were favourable in the next two months. If not, final output would be lower and could be less than 12m tonnes.

Lower production estimates for France, Belgium, Britain and Ireland caused the lower overall EEC production estimate.

● There is little doubt that world sugar prices had reached the bottom of the current bear market and may well begin to edge higher in the New Year, although a dramatic improvement is unlikely, London trade house E. D. and F. Man said in its monthly market report.

There was less urgency for the Soviet Union to re-enter the market before the New Year and this might leave unsold sugar weighing on the market until the year-end, it added.

The USSR had already bought more than 500,000 tonnes of raw sugar for delivery in the fourth quarter of this year, somewhat more than usual. Reuter

Cloning to boost forest productivity

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE "super spruce" has arrived in Britain's developing forest industry. Techniques developed by the Forestry Commission which cut the development time for new trees by 15 to 20 years and increase the productivity of a forestry plot by more than 10 per cent have entered commercial production.

Elite Trees, a company formed by Fountain Forestry of Perth and Crowder's Nurseries in Lincolnshire, recently announced a joint commercial production unit for genetically improved sitka spruce at the Bogallan Nursery near Inverness.

One problem with forest development has been isolating superior strains of trees and in turn developing these quickly. The techniques now adopted from the Forestry Commission by Elite Trees will enable up to 500 trees to be produced from one spruce seed.

The technique involves growing seedlings and planting further trees from cuttings and repeating the process with a second generation of cuttings. Normally a spruce would not produce seeds for at least the first 30 years of growth. The Forestry Commission is to supply 2,500 sitka seeds a year.

This method of cloning healthy trees has increased some tree production by up to 30 per cent in North America, according to Mr Mike Ashmole, chairman of Elite. The increase

Cotton exports may resume

KARACHI—Pakistan hopes to resume cotton exports this year after a disastrous harvest last season, Mohammad Fazil Janjau, Food and Agriculture Minister, said.

He told an agricultural seminar conditions for the 1984-1985 crop (September to May) were satisfactory.

● In Moscow meanwhile, the Selskaya Zhizn (Rural Life) newspaper said the cotton harvest in Soviet Turkmenistan, the main growing area for fine fibre cotton, had been delayed

PRICE CHANGES

In tonnes unless stated otherwise	Nov. 5 1984	+ or −	Month ago
Metals			
Aluminium	£1100		£1100
Free Mkt	$1215/1245	+15	$1675/105
Copper			
Cash h Grade	£1088.5	−2.5	£1021.25
3 mths	£1112.75	−2.5	£1043.25
Cash Cathode	£1096	−2	£1026
3 mths	£1116.5	+2.5	£1042.5
Gold troy oz	$343	+0.5	$341.5
Lead Cash	£351.75	+13.25	£326.75
3 mths	£347.75	+7.5	£331.25
Nickel	£3888		£3533
Free Mkt	216/236c	+8	213/228c
Palladium oz	$147.25	+1.75	$138.75
Platinum oz	$336.00	+3.5	$332.50
Quick Silver	$300/310		$302/310
Silver troy oz	593.65p	+1.15	587.30p
3 mths	607.40p	+0.55	602.15p
Tin cash	£9585	−90	£9610
3 mths	£9595	−67.5	£9467.5
Tungsten	$86.53	+3.87	$85.67
Wolfram 22.04lb	$80/83		$84/87
Zinc	£638.75	−4	£612.5
3 mths	£642.85	−1.5	£604.5
Producers	$940		$940

	Nov. 5 1984	+ or −	Month ago
Oils			
Coconut (Phil)	$1110w	−10	$1360
Groundnut			$945
Linseed Crude			
Palm Malayan	$627.5		$630
Seeds			
Copra Phil			
Soyabean (U.S.)	$264	+1.75	$760
Grains			
Barley Fut Jan	£110.40	−0.20	£110.75
Maize			
Wheat Fut Jan	£111.35	−0.25	£110.05
No2 Hard Wint			
Other commodities			
Cocoa ship't	£1980	+5	£1972
Futures Dec	£2118.5	+5.5	£1891
Coffee Ft Jan	£2283	−22.5	£2270.5
Cotton A Index			72.55c
Gas Oil Dec	$235.25	−2.5	$242.25
Rubber (kilo)	58p	−1	52p
Sugar (raw)	$129w	+1	$126.5
Wool tops 64s			487p kilo

$ Unquoted. c Cents a pound. w Nov-Dec. v Oct-Nov. t Per 75 lb flask. • Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.10-28.40	+0.05
Dubai Fateh	27.50-27.60	+0.05
Arab Heavy	26.60-26.90	−0.05
North Sea (Forties)	27.70-27.95	−0.05
North Sea (Brent)	28.00-28.15	−0.10
African (Bonny Lt)	27.95-28.05	−0.20
Urals	28.00-28.10	+0.10
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	250-255	+0.5
Gas Oil	235-238	−1.5
Heavy fuel oil	176-182	

GAS OIL FUTURES

Prices moved quickly to the lows on the opening before edging higher in thin volume. The market traded in a narrow range near the highs but attracted little interest and failed to find any direction, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Nov	235.25	−3.25	[illegible]
Dec	235.25	[illegible]	[illegible]
Jan	234.75	[illegible]	[illegible]
Feb	234.00	[illegible]	[illegible]
March	233.00	[illegible]	[illegible]
April	232.75	[illegible]	[illegible]
May	229.00	[illegible]	[illegible]
June	224.50	[illegible]	[illegible]
July	233.50	[illegible]	[illegible]

Turnover: 1,220 (2,287) lots of 100 tonnes.

GOLD MARKETS

Gold rose $¾ to $342¼-343¼ on the London bullion market yesterday. The metal opened at $341¼-342 and was fixed at $342.30 in the morning and $342.45 in the afternoon. It touched a peak of $343¾-344 and a low of $341¼-341¾.

In Paris the 12½ kilo gold bar was fixed at FFr 99,800 per kilo ($344.59 per ounce) in the afternoon, compared with FFr 99,550 ($343.05) Monday morning and FFr 99,200 ($340.33) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,445 per kilo ($343.49 per ounce) against DM 32,220 ($339.48), and closed at $342¾-343¼ compared with $340¼-340¾ on Friday.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $342.05 per ounce.

In Zurich gold finished at $342¼-343 against $342-342½.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Nov	[illegible]		
Dec	345.20-345.40	+0.70	345.70-45.80
Feb	[illegible]		
April	[illegible]		
June	[illegible]		
Aug	[illegible]		

Turnover: 140 (242) lots of 100 troy ounces.

	Nov. 5		Nov. 1	
Gold Bullion (fine ounce)				
Close	$342¼-343¼	(£271¼-271½)	[illegible]	[illegible]
Opening	$341¼-342	[illegible]	[illegible]	[illegible]
Morning fixing	$342.30	(£271.462)	[illegible]	[illegible]
Afternoon fixing	$342.45	[illegible]	[illegible]	[illegible]
Gold and Platinum Coins Nov. 5				
Krugrnd	[illegible]		Maple leaf	[illegible]
½ Krug.	[illegible]		Victoria Sov	[illegible]
¼ Krug.	[illegible]		French 20s	[illegible]
1/10 Krug.	[illegible]		50 pesos Mex	[illegible]
Mapleleaf	[illegible]		100 Cor. Aust	[illegible]
New Sov.	[illegible]		$20 Eagles	[illegible]
½ New Sov.	[illegible]		Noble Plat.	[illegible]

EUROPEAN MARKETS

ROTTERDAM, Nov. 5.

Maize—(FFr per tonne): U.S. three yellow afloat 135, Nov 134, Dec 134, Jan/Mar 137, April/Jun 139.50 sellers. Argentine Plate Oct/Nov 170, Dec 172, April/June 141 sellers.

Soyabeans—(U.S. $ per tonne): U.S. no two yellow Gulfports afloat 258 to 256 (depending on position), Nov 254, Dec 253.50, Jan 255, Feb 258.50, Mar 261, April 264, May 266.25 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 172, Nov and Dec 170, Nov/Mar 174, Jan/Mar 176, April/Sept 184 sellers. Pellets Brazil afloat 180, Nov 190, Dec 190, Jan 196, Jan/Mar 199, April/Sept 206 sellers. Pellets Argentine afloat 174, Oct 176, Nov 172, Dec 174, Jan 177, Jan/Mar 181.50, May/Oct 200 sellers.

Wheat—(U.S. $ per tonne): U.S. two soft red winter Dec 163.60, Jan 164, Feb 164.50, Mar 165.25. U.S. three northern spring 14 per cent protein Nov 174, Dec 176, Jan 184.50, Feb 187.50, Mar 190.75, April/May 180.50. U.S. northern spring 15 per cent protein afloat 185, Nov 184, Dec 188, April/May 193.50. U.S. three hard amber durum Nov 180, Dec 190, mid-Nov/mid-Dec 190, April/May 195. Canadian one western amber durum Nov 206, mid-Nov/mid-Dec 206, April/May 207.50.

PARIS, November 5.

Sugar—(FFr per tonne): Dec 1535/1540, Mar 1575/1580, May 1627/1634, Aug 1695/1698, Oct 1760/1762, Dec 1795/1820.

Cocoa—(FFr per 100 kg): Dec 2147/2150, Mar 2125.50/2130.50, May 2126 bid, Jul 2130 bid, Sep 2130 bid, Dec 2130 ask, Mar 2132 ask.

BRITISH COMMODITY PRICES

BASE METALS

PROCEEDINGS IN Base-metal markets were dominated by currency influences. After a firm opening most succumbed to the weaker dollar and closed easier on balance. Lead provided a notable exception following the larger than expected decline in warehouse stocks and with a backwardation of £5 three-month metal closed at £347. Tin was resilient behind a better East before closing at £9,600. Copper was steady at £1,111 as LME warehouse stocks fell 7,500 tonnes, while Zinc opened at £648, closing £640.5. Aluminium traded between £946 and £932, albeit in reduced volume, closing at £936. Nickel finished at £3,845 with the contango narrowing at one stage to £60.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,091, three months £1,115, 14.5, 15, 16, 16.5, 16, 15.5. Cathodes: Cash £1,097. Kerb: Higher Grade: Three months £1,114.5, 14, 13.5, 13, 12, 11.5, 11. Afternoon: Higher Grade: Three months £1,112, 12.5, 13, 12.5. Cathodes: Three months £1,112, 11, 10.5, 10. Turnover: 17,125 tonnes. U.S. Producers: 65-68 cents per pound.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1090.5-1.5	−1.75	1088-9	−2.5
3 months	1115.5-6	−2.25	1112.5-3	−1.75
Settlem't	1091.5	[illegible]		
Cathodes				
Cash	1097.5-8	−2.25	1096-7	−2
3 months	1116-7	−1.5	1115-6	−2.5
Settlem't	1098	[illegible]		

TIN

Tin — Morning: Standard: Three months £9,640, 50, 30, 20, 10. Kerb: Three months £9,620. Afternoon: Standard: Three months £9,630, 40, 35, 15, 01, 9,600. Kerb: Three months £9,605, 9,600, 9,595. Turnover: 1,430 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	9650-60	−25	[illegible]	[illegible]
3 months	9650-60	−15	9630-1	−25
Settlem't	9660	−25		
Standard				
Cash	9620-5	−15	9580-90	−90
3 months	9615-20	−10	9590-600	−67.5
Settlem't	9625	−15		
Straits E.	$29.24			

LEAD

Lead—Morning: Cash £345.5, three months £342, 44, 43.5, 44, 46, 45.5, 45, 44. Kerb: Three months £344, 44.5, 44, 43.5, 43. Afternoon: Three months £342, 43, 44, 45, 47, 48, 47, 47.5. Kerb: Three months £347.5, 48, 47, 46.5. Turnover: 19,325 tonnes. U.S. Spot: 23-26 cents per pound.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	348-.5	+6	351.5-2	+13.2
3 months	343.5-4	+3	347-.5	+7.5
Settlem't	348.5	+5		

ZINC

Zinc—High Grade Official/Unofficial Prices: Cash £m £695-700, £m £695-700. Three months £m £682-686, £m £680-685; settlement £700. Zinc — Morning: Cash £642, three months £645, 45.5. Kerb: Three months £644, 43, 42, 40, 41. Afternoon: Three months £642, 41, 40, 39, 40, 41. Turnover: 25,175 tonnes. U.S. Prime Western: 45.00-46.75 cents per pound.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	640-1	−1	638.5-9	−4
3 months	643.5-4	−.5	642.5-3	−1.5
Settlem't	641	−1		

ALUMINIUM

Aluminium—Morning: Three months £938, 37, 36.5, 35.5. Kerb: Three months £935.5, 36, 34.5, 34, 36, 37. Afternoon: Three months £938, 37, 35, 34, 33, 33.5, 34, 34.5. Kerb: Three months £934, 33, 31, 32, 33, 34, 35, 36. Turnover: 18,325 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	911-.5	−4.5	909.5-9.5	−7.5
3 months	935-.5	−3.5	934.5-5	−7

NICKEL

Nickel — Morning: Three months £3,850, 52, 55, 60, 50. Kerb: Three months £3,855. Afternoon: Three months £3,860, 55, 53, 55. Kerb: Three months £3,850. Turnover: 932 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	3800-10	−22.5	3790-5	−20
3 months	3855-8	−18.5	3855-6	−20.5

SILVER

Silver was fixed 1.15p an ounce higher for spot delivery in the London bullion market yesterday at 593.65p. U.S. cent equivalents of the fixing levels were: Spot 750.4c, up 8.9c; three-month 767.8c, up 8.7c; six-month 784.4c, up 8.7c; and 12-month 826c, up 7.1c. The metal opened at 594-597p (744-747c) and closed 596-599p (754-757c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	593.65p	+1.15	597.5p	+2.5
3 months	607.40p	+0.55	612.5p	+1.75
6 months	621.30p	+0.35		
12 months	649.35p	+0.25		

LME—(2,000 oz contract): Cash 597.5p (595p); three months 612.5p (610.75p). Turnover: 0 (same). Turnover: 41 (75) lots of 10,000 ozs. Morning: Large 1st ring three months 613, 2nd ring cash 595, three months 610, 9.8, 9.5. Kerb: Untraded. Afternoon: Untraded. Kerb: Large three months 611.

COCOA

Although reasonably active, futures failed to move positively and drifted lower. Once again physical interest was concentrated on the nearby cocoa bean and products position, apart from reports there was little trade of note, reports Gill and Duffus.

COCOA	Yesterday's close	+ or −	Business Done
	£ per tonne		
Dec	1916-1919	+5.5	[illegible]
March	1878-1874	−4.5	[illegible]
May	1876-1875	−11.0	[illegible]
July	1878-1876	−10.5	[illegible]
Sept	1879-1880	−12.5	[illegible]
Dec	1868-1860	−11.0	[illegible]
March	1838-1850	−11.0	1858

Sales: 3,702 (5,611) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Nov 5: 98.56 (98.29); five-day average for Nov 6: 105.06 (104.59).

COFFEE

Based upon continued dollar weakness the market opened £10 lower, basis January, reports Drexel Burnham Lambert. Prices failed to unchanged but commission house selling tended to restrict gains during a quiet afternoon. Values remained again in light volume to close around the lows. The day's turnover was inflated by about 1,850 cross trades.

COFFEE	Yesterday's close	+ or −	Business Done
	£ per tonne		
November	2469-60	−18.0	2470-55
January	2285-87	−22.5	2282-55
March	2176-78	−15.0	2200-70
May	2157-60	−18.0	2176-60
July	2150-55	−15.0	2165-50
Sept	2150-55	−16.5	2168-50
Nov	2140-45	−20.0	—

Sales: 4,444 (4,998) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for November 2: Comp. daily 1979 137.30 (136.77); 15-day average 138.43 (138.34).

GRAINS

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent mid-Nov/mid-Dec 160.25, Dec 162.75, Jan 158.75, Feb 161, Mar 163.75 transhipment east coast. U.S. no 2 soft red winter Dec 144, Jan 144.50, Feb 145, Mar 145.50. English feed fob Nov 108.50, Dec 108.50, Jan/Mar 112.50, Apr/June 119. Barley: English feed fob Nov 110.50 paid Peterhead. Rest unquoted.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterd'ys close	+ or −
Nov	107.65	−0.25	108.90	−0.10
Jan	111.35	−0.25	110.40	−0.20
Mar	114.75	−0.25	113.95	−0.15
May	118.15	−0.35	116.10	—
July	120.40	−0.25	—	—
Sept	98.90	—	98.10	—

Business done—Wheat: Nov 107.50 u/c, Jan 111.35-1.00, March 114.80-4.40, May 118.35-7.85, July and Sept untraded. Sales: 110 lots of 100 tonnes. Barley: Nov and Jan untraded, March 113.95-3.50, May 116.00 only, Sept untraded. Sales: 37 lots of 100 tonnes.

Wheat rose on mixed buying in quiet trading while barley was supported by wheat/barley profit-taking, reports Muirpace.

HGCA—Locational ex-farm spot prices. Feed barley: E. Mids 105.30, N. East 107.40, Scotland 105.10. The UK monetary coefficient for the week beginning Monday, November 12 (based on HGCA calculations using four days' exchange rates), will remain unchanged.

PIGMEAT

Prices remained steady despite a sharp drop in physical prices on Friday. *Conditions were dull with* the majority of business coming on the closing call, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Nov	122.60	122.70	122.60-22.50
Feb	117.70	117.30	117.70-17.40
April	117.10	117.20	117.10-17.00
June	114.50	114.50	114.50-17.40
Aug	111.10	112.20	111.20-11.00
Oct	115.40	115.50	115.40-15.00

Sales: 87 (77) lots of 50 carcases.

POTATOES

Apart from spot November, which remained firm throughout the day, the market generally was weaker. Forward positions slipped early in the session and then traded quietly in a narrow range, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Nov	47.00	45.50	48.00-45.60
Feb	47.80	46.70	47.20
April	56.90	57.80	57.00-56.40
May	59.70	61.00	65.00-59.50
Nov	65.00	69.60	70.00

Sales: 5 oz (936) lots of 40 tonnes.

RUBBER

FUTURES—Close (buyer, seller, business). RSS No 1. £ per tonne. Dec 590, 620; Jan 600, 630; Feb 610, 640; Mar 620, 650; April 630, 660; May 640, 670; June 650, 680; July 660, 690; Aug 670, 700; 1985 Jan/Mar 610, 640, 616; 1985 April/June 640, 670, 630; 1985 July/Sept 670, 700, 670. Sales: 0 (0) lots of 5 tonnes, 37 (34) lots of 15 tonnes.

PHYSICALS—The London market opened easier, found no support throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers) spot 58.00p (59.00p); Dec 69.50p (70.50p); Jan 70.00p (71.25); The Kuala Lumpur Nov fob price for RSS No 1 was 189.0 (195.0) cents a kg and for SMR 20 was 182.5 (183.0).

SOYABEAN MEAL

The market opened unchanged in active trading conditions, reports T. G. Roddick. During the afternoon commission house and shipper selling pushed the market lower.

	Yestday's close	+ or −	Business Done
	£ per tonne		
Dec	137.50-38.00	−2.10	139.50-38.00
Feb	139.50-40.00	−2.30	141.20-40.00
Apr	141.50-42.00	−2.25	—
June	141.90-42.50	−2.20	—
August	145.20-46.00	−2.65	—
October	146.00-49.00	−2.50	—
Dec	147.00-50.00	−1.85	—

Sales: 19 (28) lots of 20 tonnes, 300 (177) lots of 100 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar $129.00 (£102.50), up $1.00 (up 50p), a tonne for Nov-Dec delivery. White sugar $170.00, unchanged.

The market remained with a $2 range in quiet trading conditions, reports C. Czarnikow.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec	140.2-140.8	142.20-142.8	145.8-142.6
Mar	158.2-158.8	160.20-160.4	161.6-158.6
May	165.2-165.8	167.00-167.6	168.6-167.0
Aug	174.4-176.0	176.00-176.2	177.6-175.8
Oct	181.8	184.20-184.4	185.0-184.0
Dec	190.0-191.4	192.80-195.4	182.6
Mar	204.0-205.6	204.00-206.6	206.6

Sales: No 6 1,352 (2,544) lots of 50 tonnes.

Tate and Lyle delivery prices for granulated basis sugar was £207.50 (£208.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for November 2: Daily price 4.79 (4.68); 15-day average 4.66 (4.65).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 567.0, 568.0, 567.1-567.0; Mar 582.0, 585.0, untraded; May 588.0, 590.0, u/t; July 593.5, 595.0, u/t; Oct 592.0, 592.0, u/t; Dec 586.0, 596.0, u/t; Mar 594.0, 600.0, u/t; May 596.0, 608.0, u/t. Sales: 8

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 515, 516, 516; Mar 513, 520, 517; Mar 522, 524, 526-524; May 527, 529, 531-29; Aug 544, 545, 547-545; Oct 544, 47, 48-547; Dec 545, 550, nil; Jan 548, 551, 551; Mar 551, 556, nil; May 567, 564, nil. Sales: 46.

TEA AUCTION

LONDON TEA AUCTION—32,249 packages were on offer, including 1,600 *packages in the offshore section.* The few best liquoring Assams on offer held values as did selected mediums but the remainder were easier by 5-15p. Bangladesh teas continued irregular but coloury types were firm to dearer. East Africans sold quite readily but prices were often 4-8p down with plainer lines rather weak. Better liquoring Malawi CTCs remained about steady but lesser sorts together with Mozambique orthodox teas met limited support and were sometimes neglected. Selected bright Ceylons sold well but others shed 10-15p; South Indians also lost ground. Offshore teas met fair demand with prices irregular and easier. Quotations: quality 330p a kg (335p), medium 290p a kg (300p), low medium 255p a kg (260p).

INDICES

FINANCIAL TIMES

Nov. 2	Nov. 1	M'th ago	Yearago
292.93	295.20	289.75	285.92

(Base: July 1 1952 = 100)

REUTERS

Nov. 5	Nov. 2	M'th ago	Yearago
1887.0	1893.4	1875.1	1887.5

Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Oct. 31	Oct. 26	Month ago	Year ago
Spot	—	—	124.4	134.76
Fut	127.56	127.56	126.24	140.4

(Base: December 31 1974 = 100)

MOODY'S

Oct. 31	Oct. 26	M'th ago	Yearago
958.5	962.6	967.3	1036.6

(Base: December 31 1931 = 100)

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Buyers preferred to await further developments before contemplating further activities. No sales of any consequence were reported either in the American type or long staple varieties.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.83p per kg lw (+0.71). GB—Sheep 176.59p per kg est dcw (+8.06). GB—Pigs 89.83p per kg lw (−0.23).

JUTE

JUTE—Nov/Dec c and f Dundee BWC/BTC $969, BWD/BTD $957; c and f Antwerp BWC/BTC $970, BWD/BTD $958; c and f Dundee ex-India Nov 40 in 10 oz £28.12, 40 in 7½ oz £20.80; B twills £33.46. (The Bangladesh ban is still in force.)

Precious metal prices 'could strengthen'

FRANKFURT — Precious metal prices have suffered in recent months from the dollar's attractiveness but the situation could change after this week's presidential election, Degussa Ag said in a monthly market review.

Precious metal prices would benefit from a decline in the dollar caused by easing U.S. interest rates, it added.

Gold, which so far this year had held its price better than other precious metals, declined steadily in October and hit a low of $333.50 an ounce at the month's last London fixing. Its monthly average of $340.20 was 0.2 per cent below the September average, Degussa said. Reuter

AMERICAN MARKETS

NEW YORK, November 5

Gold and silver values firmed on short-covering and renewed buying ahead of the U.S. Presidential election along with the weak tone to the dollar, reports Heinold Commodities. Copper was supported by sympathetic buying in line with precious metals along with the drawdown in LME stocks. Sugar weakened on news of a selling tender by the Dominican Republic. Cocoa was mixed on *reports of adequate cash availability.* Coffee traded featureless with light profit-taking developing on expectations that Colombia will be able to meet existing commitments from inventories despite rain-related losses. Cotton came under sharp selling pressure on forecasts of more favourable harvest weather throughout this week. Heating oil was moderately lower in a very narrow range with gradual erosion being caused by unseasonally mild weather. Maize lost ground on good harvest movement over the weekend. Soyabeans rallied sharply from their early lows on very active commercial buying of soya oil. *Wheat prices were slightly higher on* commission house and professional support in reaction to lagging winter wheat plantings.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	52.80	53.10	52.80	52.65
Jan	53.30	—	—	53.15
March	54.25	54.50	54.00	54.15
May	55.35	55.45	55.45	55.25
July	56.45	56.45	56.45	56.35
Sept	7.55	57.70	57.70	57.45
Dec	59.20	59.35	59.35	59.10
Jan	59.75	—	—	59.65
March	60.85	61.00	61.00	60.75

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2296	2312	2291	2295
March	2246	2260	2240	2241
May	2251	2253	2251	2251
July	2263	2267	2267	2265
Sept	2268	—	—	2270
Dec	2250	—	—	2248
March	2244	—	—	2242

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	138.73	39.24	38.61	38.67
March	136.11	36.90	36.05	35.55
May	135.08	35.70	35.01	35.50
July	134.39	34.40	34.10	34.50
Sept	132.99	33.00	32.90	33.00
Dec	131.80	—	—	31.50
March	130.05	—	—	30.05

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	60.90			60.90
Dec	61.15	61.65	60.85	61.30
Jan	61.70	61.90	61.80	61.80
March	62.75	63.25	62.50	62.80
May	63.90	64.30	63.70	63.90
July	65.00	65.45	65.00	65.00
Sept	66.10	66.55	65.90	66.05
Dec	67.65	68.20	67.40	67.60
Jan	68.20	68.35	68.35	68.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	65.59	66.06	65.51	66.84
March	67.04	67.60	67.00	68.28
May	68.45	69.00	68.40	69.50
July	69.75	70.10	69.65	70.57
Oct	70.00	70.00	10.00	70.20
Dec	69.92	70.00	69.70	70.25
March	7.95			71.30

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Dec	28.54	28.65	28.48	28.65
Jan	28.40	28.51	28.38	28.55
Feb	28.20	28.30	28.19	28.37
March	27.99	28.06	27.98	28.17
April	27.91	27.99	27.90	28.07
May	27.81	27.85	27.81	27.98
June	27.78	27.78	27.78	27.92
July	—	—	—	27.90
Aug	—	—	—	27.84
Sept	—	—	—	27.84

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	347.6	—	—	343.2
Dec	349.8	350.5	344.5	345.4
Jan	352.5	—	—	348.2
Feb	355.4	356.5	350.4	351.1
April	360.7	361.0	356.9	356.6
June	366.6	367.5	361.8	362.6
Aug	372.6	—	—	368.7
Oct	379.0	—	—	375.2
Dec	385.7	386.0	381.7	382.0
Feb	392.7	390.0	390.0	389.1
April	399.9	400.0	400.0	396.3
June	407.8	—	—	404.1
Aug	415.5	411.5	411.5	412.0

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Dec	78.00	78.70	78.00	78.81
Jan	79.20	79.90	79.20	78.74
Feb	78.90	79.60	78.90	79.37
March	76.20	76.70	76.20	76.60
April	73.30	73.40	73.25	73.18
May	72.45	—	—	72.65
June	71.25	—	—	71.60

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	165.80	66.30	65.70	66.25
Jan	168.90	70.00	68.90	68.70
March	168.90	69.50	68.60	68.70
Sept	167.00	67.10	67.00	66.40
Nov	167.00	67.10	66.75	66.40
Jan	164.40	64.00	64.00	63.90
March	164.40	64.00	64.00	63.90

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	335.2	336.0	333.0	334.9
Jan	339.9	340.9	337.1	339.6
April	346.6	347.8	344.0	346.3
July	353.5	353.0	350.5	353.2
Oct	360.7	360.0	358.0	360.4
Jan	368.7	—	—	368.4

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	768.0	764.0	764.0	761.8
Dec	773.0	774.0	758.0	757.0
Jan	779.2	772.5	767.5	763.2
March	791.9	793.0	776.0	775.9
May	804.7	804.0	789.5	788.6
July	817.9	818.0	801.0	801.7
Sept	832.5	831.3	818.5	816.1
Dec	855.3	853.0	840.0	838.7
Jan	863.2	—	—	846.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.46	5.56	5.47	5.55
March	5.95	6.05	5.94	6.00
May	6.23	6.35	6.22	6.32
July	6.49	6.63	6.48	6.57
Sept	6.76	6.90	6.90	6.85
Oct	6.94	7.10	6.93	7.06
Jan	7.40	7.60	7.60	7.54
March	7.97	8.11	7.97	8.04

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	64.82	64.87	64.37	64.52
Feb	64.95	64.97	64.57	64.82
April	66.72	66.75	66.37	66.65
June	66.55	66.57	66.30	66.65
Aug	64.52	64.56	64.27	64.60
Oct	62.52	62.52	62.50	62.52
Dec	64.00	64.20	64.00	64.02

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	49.52	49.60	48.70	48.85
Feb	51.40	51.45	50.80	51.00
April	47.90	48.05	47.55	47.65
June	51.57	51.65	51.15	51.27
July	52.55	52.60	52.10	52.32
Aug	50.95	51.00	50.60	50.70
Oct	47.35	48.20	47.35	47.10
Dec	48.40	48.40	48.20	48.85
Feb	47.55	47.55	47.55	47.50

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
Dec	273.2	274.0	272.6	275.4
March	281.4	281.6	280.4	283.0
May	288.4	288.6	287.2	289.4
July	293.0	293.2	291.6	293.4
Sept	288.2	288.4	287.0	288.2
Dec	285.2	285.4	284.0	285.2
March	292.2	292.4	291.4	292.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	68.70	68.80	66.85	67.12
March	68.40	68.50	66.65	66.87
May	69.65	69.70	67.90	68.00
July	70.60	70.70	69.00	69.10
Aug	68.30	68.60	67.10	66.75

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Nov	616.4	617.4	612.4	622.4
Jan	630.4	632.0	625.0	636.4
March	645.2	646.4	640.4	650.4
May	659.4	661.4	655.2	664.6
July	669.2	670.0	665.0	673.2
August	669.0	669.0	665.4	673.0
Sept	657.0	657.0	655.4	661.0
Nov	654.6	656.0	652.0	658.6
Jan	669.4	—	—	673.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	154.4	154.8	154.0	156.6
Jan	157.7	158.0	157.1	159.7
March	164.1	164.3	163.4	165.8
May	169.4	169.8	168.7	171.1
July	175.2	175.5	174.5	176.8
August	176.0	176.5	176.0	177.7
Sept	177.2	178.0	176.5	177.6
Oct	177.8	—	—	177.5
Dec	179.1	—	—	179.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	27.81	27.85	27.18	27.77
Jan	26.38	26.40	25.91	26.39
March	25.32	25.35	25.06	25.35
May	24.98	25.00	24.80	25.06
July	24.85	24.75	24.50	24.75
August	24.35	24.65	24.36	24.50
Sept	24.10	24.40	24.10	24.50
Oct	23.90	—	—	24.12
Dec	23.75	24.05	23.75	23.80

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	362.2	362.4	358.6	360.8
March	365.4	365.4	362.4	364.8
May	359.4	359.4	356.0	358.0
July	344.6	345.0	342.0	343.0
Sept	348.0	348.0	347.4	347.0
Dec	360.0	360.4	358.6	359.0

SPOT PRICES—New York tin 548.0-65.0 (546.0-59.0) *cents per pound.* Handy and Harman silver bullion 759.0 (748.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak, but pound firm

The dollar continued to weaken on the foreign exchanges yesterday. Dealers suggested the dollar may receive a small boost, if as expected President Reagan is re-elected, but the currency is likely to remain on a downward course in anticipation of easier monetary policy from the Federal Reserve, followed by lower bank prime lending rates.

After a firm opening, in response to an advance in the Far East on short-covering, the dollar began to slide. The trend continued when the Federal Reserve injected money into the New York banking system at a level of 9¾ per cent, compared with Friday's closing level for Federal funds of 10⅛ per cent.

…

FINANCIAL FUTURES

Gilts firm

Gilt prices rose in the London International Financial Futures Exchange yesterday on the prospect of lower UK interest rates. …

OTHER CURRENCIES

Nov. 5	£	$		£ Note Rates
Argentina Peso	153.73-154.02	121.91-122.04	Austria	25.90-26.20
Australia Dollar	1.4600-1.4620	1.1598-1.1604	Belgium	74.80-75.60
Brazil Cruzeiro	3,289.94-3,308.97	2,609.0-2,622.0	Denmark	13.34-13.48
Finland Markka	7.7854-7.8042	6.1790-6.1840	France	11.30-11.42
Greek Drachma	152.636-153.458	121.00-121.50	Germany	3.6875-3.7275
Hong Kong Dollar	9.8550-9.8660	7.8150-7.8180	Italy	2275-2305
Iran Rial	115.95	91.85	Japan	303-308
Kuwait Dinar(KD)	0.37945-0.37985	0.30085-0.30185	Netherlands	4.15-4.19
Luxembourg Fr.	75.40-75.50	59.40-59.50	Norway	10.74-10.86
Malaysia Dollar	3.0130-3.0280	2.3900-2.3950	Portugal	201-220
New Zealand Dlr.	2.5400-2.5450	2.0177-2.0206	Spain	208.0-214.75
Saudi Arab. Riyal	4.4885-4.4940	3.5595-3.5610	Sweden	10.68-10.69
Singapore Dollar	2.7115-2.7195	2.1505-2.2000	Switzerland	3.0325-3.0625
Sth African Rand	2.2738-2.2858	1.8115-1.8148	United States	1.2550-1.2750
U.A.E. Dirham	4.6300-4.6355	3.6720-3.6750	Yugoslavia	245-260

* Selling rates.

CURRENCY MOVEMENTS

Nov 5	Bank of England Index	Morgan Guaranty Changes%
Sterling	76.2	−14.1
U.S. dollar	138.5	+25.2
Canadian dollar	89.8	−3.2
Austrian schilling	112.7	+3.5
Belgian franc	89.3	−10.8
Danish Kroner	77.3	−6.0
Deutsche mark	132.9	+7.2
Swiss franc	143.2	+11.0
Guilder	112.6	+4.0
French franc	64.8	−15.6
Lira	46.9	−14.8
Yen	156.2	+12.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.800214	0.600288
U.S. $	9	1.00883	0.759954
Canadian $	12.11	*	0.995021
Austria Sch.	4½	20.8354	15.6705
Belgian Fr.	11	59.8438	45.0811
Danish Kr.	7	10.7390	8.07082
Dmark	4½	2.96142	2.22859
Guilder	5	3.33418	2.51268
French Fr.	9½	9.07947	6.84158
Lira	16½	1848.91	1391.11
Yen	5	244.540	183.949
Norwgn Kr.	8	8.68603	6.52239
Spanish Pta.	½	166.961	125.774
Swedish Kr.	9	8.55841	6.41904
Swiss Fr.	4	2.45885	1.85341
Greek Dr'ch	20½	122.300	92.0240
Irish Punt	13¾	0.960333	0.723431

*C$/SDR rate for November 2: 1.32108

EXCHANGE CROSS RATES

Nov. 5	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Frank
Pound Sterling	1.	1.268	3.715	307.0	11.42	3.055	4.210	2,328	1.662	75.45
U.S. Dollar	0.789	1.	2.930	242.1	9.006	2.409	3.320	1836.	1.310	59.50
Deutschemark	0.269	0.341	1.	82.64	3.074	0.822	1.133	626.6	0.447	20.31
Japanese Yen 1,000	3.257	4.130	12.10	1000.	37.20	9.951	13.71	7583.	5.412	245.8
French Franc 10	0.876	1.110	3.253	268.8	10.	2.675	3.687	2039.	1.455	66.07
Swiss Franc	0.327	0.415	1.216	100.5	3.738	1.	1.378	762.0	0.544	24.70
Dutch Guilder	0.238	0.301	0.882	79.92	2.713	0.726	1.	553.0	0.395	17.92
Italian Lira 1,000	0.430	0.545	1.596	131.9	4.905	1.312	1.808	1000.	0.714	32.41
Canadian Dollar	0.602	0.763	2.236	184.8	6.875	1.839	2.534	1401.	1.	45.41
Belgian Franc 100	1.325	1.681	4.924	406.9	15.14	4.049	5.580	3085.	2.202	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10⅛-10⅜	10-9 11/16	11⅞-12⅞	5⅝-5¾	1⅝-1⅞	5⅛-5⅜	11-11⅛	15¼-16¼	10-11¾	10⅝-11⅞	6⅛-6½	12-11½
7 days' notice	10¼-10½	9⅝-9¾	11⅞-12⅞	5⅝-5¾	1⅝-1⅞	5⅛-5⅜	10¾-10⅞	15-16	9¾-10½	10⅛-11⅛	6⅛-6½	12⅛-12⅝
Month	10⅛-10¼	9⅛-9⅞	11⅛-11¾	5⅝-5⅞	4⅛-4⅜	5⅛-5⅜	10⅝-10¾	15¼-16	10-11¾	10⅛-11¾	6⅛-6¼	12⅛-12⅝
Three months	10-10⅛	9⅞-9	11⅜-11⅝	5⅞-6⅛	4⅛-5⅛	5⅞-5⅞	10¾-10⅞	15⅝-16⅛	10-11¾	10¾-11	6⅝-6½	12⅝-13⅛
six months	10-10⅛	10-10½	11⅛-11⅛	6-6⅛	4⅛-5⅛	5¾-5⅞	11⅛-11⅜	15⅝-16	10-11¾	10¾-11	6⅜-6½	12⅝-13⅛
One year	10⅛-10¼	10⅛-10⅛	11⅛-11⅛	6⅛-6⅛	4⅞-5	5⅞-5⅞	11¾-11⅞	15⅜-15⅞	10-10¾	10⅛-11⅛	6⅝-6⅞	12½-13

Asian $ (closing rates in Singapore): Short-term 9⅞-10⅛ per cent; seven days 9¾-9⅞ per cent; one month 9¾-9⅞ per cent; three months 9⅞-10 per cent; six months 10-10⅛ per cent; one year 10⅛-10⅜ per cent. Long-term Eurodollars: two years 11⅛-11⅜ per cent; three years 12-12⅛ per cent; four years 12⅛-12½ per cent; five years 12⅜-12½ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Bank of England cuts dealing rates

The Bank of England reduced its money market intervention rates by half a point in all four bands yesterday in a move seen by most as preceding a similar reduction in UK clearing bank base rates. A cut in base rates was deferred until after the release of today's UK money supply figures although the market reasoned that yesterday's move by the authorities was likely to be taken as suggesting a favourable set of figures.

Three-month interbank money eased to 10-10⅛ per cent from 10⅛-10⅞ per cent while three-month eligible bank bills were bid at 9⅞-9⅞ per cent compared with 9⅞-9¾ per cent. Overnight interbank money opened at 10¾-10⅞ per cent and reached a high of 11½ per cent before slipping away below 8 per cent later in the day. Much of the day's shortage lay with the discount houses and the improved climate on interest rates enabled the Bank of England to take out the entire shortage without resorting to sale and repurchase agreements. The prospect of a cut in base rates obviously enhanced the attractions of selling paper to the Bank.

The Bank forecast a shortage of around £1,200m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £642m and the unwinding of previous sale and repurchase agreements a further £604m. In addition Exchequer transactions accounted for £225m and banks brought forward balances £10m below target. These were partly offset by a fall in the note circulation of £280m.

To help alleviate the shortage the Bank offered an early round of assistance which amounted to £383m and comprised purchases of £12m of eligible bank bills in band 1 (up to 14 days) at 10 per cent, £304m in band 2 (15-33 days) at 9⅞ per cent and £55m in band 3 (34-63 days) at 9¾ per cent. In band 4 (64-91 days) it bought £12m of eligible banks bills at 9⅝ per cent. Further help of £140m was given in the morning and this was made up of purchases of £6m of eligible bank bills in band 1 at 10 per cent and £93m in band 2 at 9⅞ per cent. In band 3 it bought £31m of eligible bank bills at 9¾ per cent and in band 4 £10m at 9⅝ per cent.

The forecast was later revised, before taking into account the earlier help, to a shortage of around £1,150m and the Bank gave additional assistance in the afternoon of £337m. This comprised purchases of £40m of local authority bills and £3m of eligible bank bills in band 1 at 10 per cent and in band 2 £21m of local authority bills and £227m of eligible bank bills at 9⅞ per cent and £1m in band 4 £45m of eligible bank bills at ¾ per cent and £1m in band 4 at 9⅝ per cent. It also provided late assistance of £380m, making a total of £1,240m.

UK clearing banks' base lending rate 10½ per cent (since August 20)

MONEY RATES

Nov. 5	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.60-5.60	11¼	1⅝-1⅞	5⅝-5¾	6.28125	16⅞-17¼	11.65	13¼-13½
One month	5.60-5.75	10⅝-10¾	4½-4⅝	5¾-5⅞	6.21875	16⅞-17¼	10¾-11	13¼-13½
Two months	6.00-6.10	10⅝-10¼	—	—	—	—	—	13¼-13½
Three months	5.95-6.10	10¼-10⅜	4⅞-5⅛	5⅞-5⅞	6.34375	17⅛-17½	10⅞-11⅛	13⅜-13⅝
Six months	5.95-6.10	10¼-10⅝	—	6-6⅛	—	—	10⅞-11⅛	15⅝-15⅞
Lombard	5.5	—	—	—	—	—	—	
Intervention	—	11	—	5¾	—	—	—	

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Nov. 5 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	4-11¼	10⅜-10¾	10¼-10¾	4-10¾	—	—	—	—	—
2 days notice	—	—	10¼-10⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¼-10⅝	10¼-10⅛	10½-10¾	10-10½	—	—	—	—	—
One month	10¼-10⅛	10⅛-10½	10¼	10⅜-10⅝	9⅞	9⅞	9⅞	9⅞	9⅞	10⅛
Two months	10⅛-10	10⅛-10⅜	10¼	10¼	9¾	9¾	9⅞	9¾	9⅞	10⅝
Three months	10-9⅞	10-10⅛	10⅛	10¼	9½	9⅞-9⅝	9⅞-9½	9⅞-9½	9⅞-9⅝	10⅛
Six months	9⅞-9⅞	10⅛-10¼	10⅛	—	—	—	—	9⅞	9⅞-9⅞	10⅛
Nine months	9⅞-9⅞	10⅛-10⅛	—	—	—	—	—	—	—	—
One year	9⅞-9⅞	10⅛-10⅜	10⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10⅞-10⅝	—	10¼	9.55-9.65	8⅝-8⅞	9½-9⅝
Two months	10½-10¼	—	10⅛	9.6-9.7	8¾-9	9⅞-9⅞
Three months	10½-10¼	—	10⅛	9.65-9.75	8¾-9	9⅞-9⅞
Six months	10⅛-9⅞	—	10⅛	9.85-9.95	8⅞-9⅛	9⅞-9⅞
Nine months	10½-10¼	—	10⅛	10.1-10.2	—	—
One year	10⅜-10⅛	—	10⅛	10.25-10.45	9¼-9½	10⅛-10⅛
Two years	—	10⅞	—	—	—	—
Three years	—	11⅛	—	—	—	—
Four years	—	11¼	—	—	—	—
Five years	—	11⅜	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period September 5 to October 2 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from November 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 9.5639 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10¾ per cent; one-three months 10½ per cent; three-six months 10½ per cent; six-nine months 10½ per cent; nine-12 months 10½ per cent. Under £100,000 10 per cent from October 29. Deposits held under Series 5 10½ per cent. The rates for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. November 5)

3 months U.S. dollars

bid 9 7/8	offer 10

6 months U.S. dollars

bid 10	offer 10 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12
Broker loan rate	10¾-11⅛
Fed funds	9⅝
Fed funds at intervention	9⅝

Treasury Bills

One-month	7.85
Two-month	8.73
Three-month	8.80
Six-month	9.08
One-year	9.19

Treasury Bonds

Two-year	101⅛
Three-year	102 11/32
Four-year	100 11/32
Five-year	104 27/32
Seven-year	103⅞
10-year	105⅞
30-year	108⅞

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on November 5, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 5.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	96⅞	97¼	+0⅛	+1⅛	12.28
All Nippon Airways 14 94	100	107⅜	107⅞	−0⅞	+0⅝	12.56
Amex Credit 12⅝ 88	150	100⅝	101¼	−0⅛	+1⅛	12.28
Austria Rep 13⅝ 92	100	106	106½	+0⅛	+1⅛	12.28
Bank of Tokyo 13⅝ 91	100	104⅝	104⅞	−0⅛	+0½	12.52
Caisse Nat Tels 13¾ 91	100	105⅞	106⅜	+0⅜	+1⅝	12.39
Canadian Pac 12½ 99	75	99½	100	+0⅝	+1½	12.53
Chevron U.S.A. 12⅛ 89	600	99½	100	0	+1	12.31
Coastled Int 12⅛ 88	125	99⅞	100⅜	−0⅛	+0⅞	12.14
Creditanstalt 13⅛ 91	100	102½	102⅝	+0⅛	+1½	12.53
Denmark Kingdom 13 91	100	101⅞	102⅜	+0⅝	+2⅛	12.48
Denmark Kingdom 13¼ 91	100	102	102½	+0⅜	+1⅛	12.72
Denmark 13⅞ 88 XW	100	104	104½	0	+0⅞	12.35
Denmark Kingdom 14 91	100	104⅜	104⅞	−0⅛	+0¼	12.89
E.I.B. 12½ 90	100	100⅞	101⅜	0	+0⅝	12.16
E.I.B. 12⅞ 94	100	102⅞	103⅜	+0⅛	+1⅛	12.27
E.I.B. 13 98	200	102⅞	102⅞	+0¼	+1⅛	12.54
Ex-Im Bk Japan 13¼ 91	75	105½	106	+0⅛	+1⅝	11.91
Florida Fed Sav 12⅝ 89	100	99⅞	100⅜	−0⅛	+0⅞	12.28
GMAC O/S Fin 13 88	200	100½	101	+0⅛	+0¼	12.35

	Issued	Bid	Offer	Change on day	Change on week	Yield
Weyerhaeuser 12¼ 87	150	100	100½	−0¼	+0⅝	12.13
World Bank 12⅞ 94	200	103¼	103¾	+0⅛	+1⅛	12.25
Yasuda Tst&Fin 12⅛ 89	100	98⅞	99⅝	−0⅛	+0⅜	12.59

Average price change On day +0⅛ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	100⅝	101⅛	0	−0⅛	7.38
Amca Int'l 8¼ 91	100	100⅞	101⅜	−0⅛	0	8.01
Asian Dev Bank 8 94	200	101	101½	−	−	7.81
Austria Republic 7⅝ 94	200	100⅝	101⅛	−0¼	0	7.50
Baxter Travenol 7⅛ 94	200	100	100⅜	+0⅛	+0⅛	7.19
Credit National 8⅛ 94	200	104¼	105	+0⅞	+2⅜	7.41
Degussa Int Fin 7½ 94	100	102¾	103¼	+0½	+0⅛	7.00
E.E.C. 8 92	200	102¼	103	−0⅛	+0½	7.51
E.I.B. 8 91	250	102⅝	103⅛	−0½	+0½	7.48
Escom 8 92	150	102	102½	0	0	7.58
Ferrovie Dello Stato 8 91	100	100⅝	101⅛	+0⅛	−0¼	7.76
Finland Rep 7½ 91	150	99⅝	100⅛	+0⅝	+0½	7.49
Gould Int Fin 7⅝ 91	100	100⅝	101⅛	+0⅛	+0⅛	7.41
Int Standard Ele 7⅛ 90	100	102½	103¼	+0½	0	6.78
Ireland 8⅛ 92	150	101⅛	101⅞	+0¼	+0¼	7.84

OVER-THE-COUNTER

Continued from Page 34

Stock		Sales (Hnds)	High	Low	Last	Chng
ISC		277	11⅛	11½	11⅛	−⅛
Icot		120	3½	3⅜	3½	+⅛
Imunex		5	5¾	5¾	5¾	+¼
Imuno		41	3⅞	3⅞	3⅞	
Imugen		5	2⅞	2⅞	2⅞	
Incomp		1039	4⅛	2⅞	3⅞	−⅛
IndpHlt		523	23	22	22	
IndiN	1 40	18	33⅛	33⅛	33⅛	+⅛
InfoRsc		1	25	25	25	
Infrm		51	25½	24¾	25½	+¼
InstNtw		30	20¼	19⅞	20¼	+¼
Intecm		781	10¼	10½	10½	
IrwgGen		51	4	3⅞	3⅞	+⅛
ISSCO		92	16¾	16½	16¾	

Stock		Sales (Hnds)	High	Low	Last	Chng
Kinder s	.06	379	14⅝	14½	14⅝	
Koss		117	1⅛	1½	1⅞	
Kroy	.08	724	13	11½	12⅞	−⅞
Krugr s	.32	x1072	11⅞	10⅞	11¼	+⅛
Kulcke	.16	411	22⅞	22⅛	22½	+⅛
L–L						
LDBrnk		69	8⅞	8⅛	8⅛	−⅛
LJN		51	10½	10⅜	10½	
LSI Log		311	14¾	14	14½	+⅛
LTX		102	17¼	16⅞	16⅞	−⅛
LaPete s		183	14	13½	14	
LaZ By	.04e	2	33¾	33¾	33¾	+½

Stock		Sales (Hnds)	High	Low	Last	Chng
MedCre		283	8⅛	8	8	
Medfix		22	14	13¾	14	+½
Megdat		25	12⅛	12	12	
Memor		275	11½	11	11	−½
MentrG		707	19⅞	19⅛	19½	−⅛
MercB s	1 92	12	28⅞	28½	28½	−⅛
MercBk	1 48	27	40⅛	40⅛	40⅛	+½
MrchCo		22	12	12	12	−⅛
MerSv	.88	32	21¾	21	21¼	
MrdBc	2.20	38	37½	37¼	37¼	−⅛
MeryG s		571	14½	13½	14½	
MetSL	.60	294	10	9¾	10	
Micom		145	34½	34¼	34¼	

New issues worth $900m flood Eurobond market

BY MAGGIE URRY IN LONDON

NEW ISSUES exploded in the Eurodollar bond market yesterday, with $900m raised. They formed a varied display with floating rate, straight and warrants deals being made, but as far as co-managers were concerned, some were not greeted enthusiastically.

The secondary market was steady yesterday, with some issues showing small gains, but it was not the sort of strong market that warrant deals are best launched into.

There was interest in three such issues. Merrill Lynch, Svenska Handelsbanken and General Mills each borrowed $100m. The Merrill Lynch issue, lead managed by Merrill and Morgan Guaranty, was a 10-year bond with a 12½ per cent coupon and par issue price, while the five-year warrants priced at $37½ get into a 10-year, 12½ per cent bond.

A new call feature was added on the host bonds – they can be called to the extent the warrants are exercised, starting at 103 in the first year, and at ½ per cent less each subsequent year. That is more favourable to investors than the 101 call which has become popular.

Dealers remarked that the terms on all three warrant issues looked tight. Svenska offered four-year bonds with a 12¾ per cent coupon, with warrants priced at $30 to buy a four-year 12½ per cent bond. General Mills had a seven-year, 12 per cent host and back bond, the host issued at 100¾ and the warrants at $39½.

Kidder Peabody formulated a new pricing structure for a $400m floating rate note for Belgium. The 20-year bond has a put option after 15 years, and pays interest at ⅛ over six-month London interbank offered rate, reset monthly. That allows investors to borrow at monthly rates and invest at six-monthly rates, so picking up the difference in yields as long as the yield curve is positive. If the monthly rate rises compared with the six-monthly rate, however, interest is paid at ⅛ per cent over the six-month rate.

The issue traded at 99.57, the level at which co-managers get the bonds.

Credit Suisse First Boston (CSFB) launched a $125m targetted registered floater for Carteret Savings and Loan, the first such issue paying a spread – of ⅛ per cent – over Libor. The collateralised issue was well received, trading around 99.85, well inside the 75 basis point fees.

Also from CSFB came a 15-year straight issue for Pacific Gas, raising $75m and yielding 12 per cent. Investors who fear the long life can be comforted by a put option after seven years.

An issue of equity warrants from Mitsubishi Metal, guaranteed by Mitsubishi Bank, raised $100m. Lead managed by Nikko Securities, the five-year issue has an indicated yield of 8⅛ per cent and traded around par.

Two issues appeared in the Canadian dollar sector. A C$80m deal for City of Montreal lead managed by Société Générale has a seven-year life and 12½ per cent coupon. Salomon Brothers announced a C$50m warrants deal for Toronto-Dominion Bank. The five-year bonds yield 12½ per cent and the warrants priced at C$32½ buy a 10-year bond with a 12½ per cent coupon.

In the Samurai market, the long-awaited Yen 20bn issue for Bank of China was priced to yield 7.059 per cent, only just above the yield on the new 10-year Japanese Government bonds.

Deutsche Bank rounded off the D-Mark calendar with a DM 100m issue for SCN. The 10-year bonds have a 7⅛ per cent coupon and 99½ issue price. The new calendar was set with 12 issues totalling DM 2.15bn, a similar size to the last month's, but this one will extend to mid-December.

D-Mark bonds were steady ahead of the U.S. election, but Swiss franc bonds gained ¼ point in better turnover, helped by the cut in time deposit rates.

Amsterdam-Rotterdam Bank launched a Fl 150m Euroguilder issue for itself, with a five-year maturity and 7¼ per cent coupon priced at 99½. The same bank announced a Ecu 50m issue for the EEC, targetted at the Dutch market. The bonds, dated 1990, have a 10½ per cent coupon.

BHF Bank bond average		
Nov 5		Previous
101.896		101.888
High	1984	Low
101.896		98.066

Ecu 50m for Isveimer

BY PETER MONTAGNON IN LONDON

ISVEIMER, the Italian regional development authority, has raised an Ecu 50m, seven-year credit, believed to be the first such deal placed entirely with banks in the U.S.

The credit bears a margin over Ecu deposit rates of ⅛ per cent for the first four years, rising to ½ per cent for the next three. It has been assembled by a club of banks including Chase Manhattan, First Chicago, Irving Trust, Manufacturers Hanover and San Paolo Bank, the U.S. arm of the Italian San Paolo di Torino banking group.

San Paolo, which will provide funds for the credit through its New York and Los Angeles branches, said yesterday that the deal aimed to develop awareness of the Ecu in U.S. markets. It comes at a time when the European Community is considering launching an Ecu-denominated bond in the U.S. domestic market.

San Paolo believes that the scope for Ecu business in the U.S. will grow if the dollar falls further against European currencies. It argues that the Ecu is a vehicle which offers exchange rate stability and consistently high rates of interest.